

## Global Contractors

### World Building Booms, Brings Jobs, Problems For U. S. Constructors

Kaiser, Bechtel, Utah, M-K Throw Up Refineries, Mills In India, Aden, Elsewhere

Cobras, No Jive at Jamshedpur

By ROBERT HENKEL  
Staff Reporter of THE WALL STREET JOURNAL  
OAKLAND, Calif. — Extract from a routine progress report on file at Kaiser Engineers' headquarters here: "Surveying is a bit behind schedule because of the time taken to watch for cobras."

But Kaiser's not fretting over the delay. Cobras are classified as just another minor problem for this company and a handful of others like it. Snakes are strictly routine in the vast and complex job of building steel mills, refineries and cement plants at such exotic sites as Aden, Jamshedpur and Surabaya.

World-wide heavy construction is booming as the so-called underdeveloped nations seek to harness their resources and beef up their industry. And American companies are finding the field an interesting, if occasionally baffling, source of business.

#### Some Special Problems

Constructing big projects overseas presents most of the problems of domestic building, from finding proper personnel to dealing with dilatory suppliers. But it also has a few of its own, like the cobras. Here's another extract from Kaiser's files: "A water closet was stored in one of our supply compounds. When a guard's back was turned, a water buffalo crashed into the compound and destroyed it. Please furnish an extra."

While overseas construction by U. S. concerns is not new, of course, one builder figures American outfits have tripled their foreign activity since the years just before World War II. It's calculated U. S. builders now have projects under way in at least 30 nations; last year they completed work valued at approximately \$750 million to \$1 billion.

The bulk of this building is paid for by foreign governments and companies. While the U. S. Government also is a big overseas builder, particularly for military purposes, contractors estimate Uncle Sam's share of the total bill as no more than 10%.

"Overseas construction work used to be mostly done by Europeans. Look all over the world and you'll find their dams and railroads," says Alfred Lee M. Greenleaf, vice president of Morrison, Knudsen Co., Inc., one of the biggest overseas builders.

World War II taught Americans how to build big camps and supply depots thousands of miles from home, maintaining them with long, tenuous supply lines. After the war, with European builders hamstrung by equipment and capital shortages, the Americans were ready to step in.

"The market was there for the first time," explains Thomas A. Bedford, Kaiser Engineers vice president. "We saw the opportunity and went out after it." H. W. Morrison, president of M-K, as his company is familiarly known, reports "an unprecedented world-wide demand for engineered construction."

#### Resurgent Competition

But the U. S. builders note resurgent competition from other nations. "English, French, German and Italian companies are coming out to bid on international construction projects again," says Edmund W. Littlefield, executive vice president of Utah Construction.

International construction accounts for only about 3% of the total building completed annually by U. S. companies, it's estimated. But it makes up over a third of the volume of four major overseas builders. The four—Morrison-Knudsen, Bechtel Corp., Utah Construction Co. and Kaiser Engineers, a division of Henry J. Kaiser Co.—are credited with roughly \$350 million in completions by U. S. concerns in 1956.

Bechtel Corp. of San Francisco reports completing "substantially in excess of \$100 million" in overseas construction last year. Specializing in refineries and pipelines, the company trains technical operating personnel as well as putting up the "crackers."

M-K, which is headquartered in Boise, Idaho, figures it completed \$128.8 million worth of overseas construction in 1956, compared with a relatively piddling \$17.7 million 10 years earlier.

Kaiser put its backlog at \$484.5 million last year and estimates almost a third of it was foreign. Utah Construction also estimates its overseas contracts at about a third of the current backlog of \$180 million.

U. S. contractors, says Mr. Littlefield, have advantages in overseas work: "American equipment and speed."

"German and English builders can build a steel plant just as well as we can," concedes Sam Ruvkun, Kaiser executive engineer in charge of a \$130 million expansion project at the Tata Iron & Steel Co., Ltd., plant in Jamshedpur, India. "But what we're doing is, we're doing it fast," he declares.

"Seven or eight years ago, foreign companies were getting most of the jobs in Australia," recalls M-K's Mr. Greenleaf. "But now U. S. companies are getting the majority of the contracts because they finished previous work there on time. As a result of these performances, U. S. companies are more and more welcome."

#### Unofficial Ambassadors

By doing a good job as engineers, the Americans often also make good unofficial ambassadors for the U. S. In a friendly article titled, "No Jive in Jamshedpur," the Calcutta Statesman commented: "The buildings (provided for workers at Kaiser's Tata project) have a naturalness and quiet efficiency which one presumes is just good American. Here is an excellent prototype for (Indian) workers' colonies, refugee settlements and satellite towns."

The man-on-the-street in neutralist India has an excellent chance to make at least one comparison between the "American way" and the "Please Turn to Page 7, Column 1"

## What's News—

### Business and Finance

**GOVERNMENT OUTLAYS** in fiscal 1958 will be held to \$70.8 billion if the Administration is able to carry out its present intentions. That's what Budget Director Brundage told House Democrats who put him on the carpet about the Eisenhower regime's spending plans.

The figure projected by the budget chief is \$1 billion below the expenditures visualized for the current fiscal year by President Eisenhower last January. The Democrats had called Mr. Brundage to Capitol Hill with the apparent aim of forcing greater economies than the Administration has in mind. But remarks at the hearing indicated they were beginning to weaken in that determination.

Inflation continues the major danger facing the economy, said Reserve Board Chairman Martin. Higher interest rates, he told the House Banking Committee, are "a very cheap price to pay" to curb inflationary influences. If these aren't checked, Mr. Martin warned, the nation "ultimately will be faced with a serious recession."

The Reserve System chief said the board's policy of restraining credit has laid the "groundwork" for a stable dollar, but the battle hasn't been won yet.

New York Central, in lieu of the quarterly cash dividend of 50 cents, declared a dividend of one share of Reading Co. common for each 25 shares of New York Central held. At current market levels for Reading common, the dividend amounts to, about \$1.36 a share on Central's stock. Officials said the action was taken to conserve cash and help simplify Central's financial structure. Last December, the road paid a dividend in U.S. Freight Co. stock which was worth \$1.20 a share to Central holders.

Private housing starts last month dropped to a seasonally adjusted annual rate of 970,000 units, the Labor Department reported. This compared with a yearly gain of 980,000 units in May and 1,091,000 in June, 1956. The decline came as a surprise since Treasury Secretary Humphrey told the Senate Finance Committee recently he expected June starts to edge up to an annual rate of about a million units.

Lower down payments on Government-backed mortgages have been practically ruled out by Federal housing officials. Easier terms, they argue, would tend to aggravate inflationary pressures. But consideration is being given to raising the 5% F.H.A. interest rate ceiling. Present law allows this limit to be placed as high as 6%, but it probably would not be lifted above 5 1/2%.

Farm income in the first half gained about 2 1/2% over a year ago, the Agriculture Department estimated. The increase in net reflected a 3% rise in prices and Government payments under the soil bank and other programs. First half results were in line with official forecasts that farmers' 1957 net will climb for the second straight year—by something less than 5% over the \$12.1 billion total of 1956.

Auto sales in the first half demonstrated car buyers are turning increasingly to the "low-priced field." Ford, Chevrolet and Plymouth accounted for 60% of retail deliveries in the six months. That compared with 57% a year ago. It extended a rising trend in evidence since 1947 when the three cars' share of the market was less than 50%.

#### Company Notes—

Flying Tiger Lines—May-June revenues rose to \$6,094,444—a 79% increase over a year ago. R. W. Prescott, president, said the gain reflected operations of 12 new Lockheed Super H Constellation put into service May 1.

North American Aviation—Announced it has laid off 6,305 workers as the first step in reducing its employment by 15,600. The cuts stem from cancellation last week of the Navaho guided missile contract.

Pittston Co.—Soft coal production this year is expected to gain about 25% over 1956. Earnings are indicated at \$8 a common share, compared with \$6.02 last year.

#### Markets—

Stocks—Volume 2,510,000 shares. Dow-Jones industrials 517.42, off 0.52%; rails 153.45, off 0.39%; utilities 71.23, off 0.57%. London—Financial Times common share index 204.0, up 0.1.

Bonds—Volume \$3,550,000. Dow-Jones 40 bonds 86.86, off 0.03; high grade rails 86.91, off 0.05; speculative rails 84.62, off 0.14; utilities 86.23, off 0.09; industrials 89.73, up 0.21.

Commodities—Dow-Jones futures index 161.16, up 0.24; spot index 164.60, off 0.15.

#### Earnings—

Quarter	1957	1956	Per Com. Shr.
Quarter June 30:			
Alcoa Wood Steel	1,207,000	1,208,000	1.35
Continental Can	13,282,000	12,759,000	1.06
Rockwell Int'l	4,176,000	3,549,000	3.94
4 mos. June 30:			
Alpha Port. Cement	2,562,138	2,538,361	1.38
Ferro Corp.	877,620	1,300,626	1.27
Int'l Bus. Machines	6,841,267	7,148,528	1.47
Nichol Plate R.R.	6,847,524	6,528,769	1.87
On present shares.			

(Today's Index on Page 2)

### World-Wide

**THE SENATE VOTED 71-15** to take up the civil rights bill for debate and action. The Administration victory came on a motion by Senate G.O.P. leader Knowland to make the House-passed measure the pending Senate business. It cleared the way for a full-dress battle that may run into the fall.

The chamber then defeated a move by Sen. Morse (D., Ore.), a supporter of the bill, to send it to the Judiciary Committee for a week's study. The vote was 54-35.

Eisenhower made it clear he wants no part of compromise moves when he called on the Senate to keep the measure "an effective piece of legislation." He termed the bill's objectives "consistent with simple justice and equality."

During the debate on the motion, Sen. Byrd (D., Va.) denounced the bill as "iniquitous" and described Supreme Court Justice Warren as "the modern Thaddeus Stevens," a G.O.P. House leader of Civil War days who advocated a get-tough policy toward the South. This brought a clash with Knowland, who asked whether Byrd was charging a conspiracy between Warren and the National Association for the Advancement of Colored People.

In Knoxville, Tenn., a woman school teacher testified in the Clinton segregation trial about mobs shouting "catcalls, jeers and filth" when Negro students returned to the integrated high school last December 4.

**WILSON ORDERED** a 100,000-man cut in the armed forces within six months. The Army will absorb half of the total reduction from its authorized strength of one million men. The Navy will lose 15,000, the Marine Corps 10,000 and the Air Force 25,000. The cutback, approved by Eisenhower, will save about \$200 million, Wilson said.

The actual strength of the armed forces last May 31, the latest compilation available, was 2,789,612.

**MONTGOMERY WARD'S HEAD** called an alleged deal with the Teamsters "untrue." John A. Barr, appearing before the McClellan Senate committee at his own request, labeled "unfounded" charges that the company gave the union a contract in return for support in a Ward proxy battle.

Barr asserted the 12,500 or 14,000 shares of Teamsters stock were insignificant in the 1955 proxy fight with Louis Wolfson, since he was defeated by 4.1 million to 1.7 million. During the battle the firm signed a contract with the Teamsters.

A Washington lawyer, Alfonso Landa, has told the committee he advised Teamster boss Beck the union probably could get a contract with Ward if union stock were voted for management in the proxy fight. Landa said Beck called this "a good idea."

The committee also heard a woman testify that James G. Cross, International Bakers Union President, entered her San Francisco hotel room, kicked her and attacked her husband. Cross denied the story told by Mrs. Nathan Erlich of the Bronx, N. Y., the wife of a local union president who helped lead an unsuccessful move to oust Cross.

In the bribery-conspiracy trial of James Hoffa, the Teamsters Vice President swore he hired John C. Chesney only as a lawyer to help him prepare for Senate hearings. Chesney, the Government's key witness, had testified Hoffa hired him to spy on the committee.

Earlier in the day, lawyer Hyman I. Fischbach refused to testify because "I will not be a witness against myself." Fischbach, former co-defendant with Hoffa, had been called to the stand by Hoffa's attorney.

**DULLES SAID** the U. S. may provide N.A.T.O. with a stockpile of atomic weapons. This is a possible answer, the Secretary of State told a news conference, to the objection of some European allies that a cutoff in nuclear arms production under a disarmament plan would deny them such weapons.

It would be more proper, Dulles thinks, to set up a N.A.T.O. stockpile than to hand weapons over to individual countries.

A Navy jet fighter streaked from Los Alamitos Naval Air Station, Calif., to New York City in three hours, 23 minutes, clipping more than 21 minutes off the Air Force's record for the 2,460-mile trip. The F8U-1P Crusader unofficially averaged 726 miles per hour—faster than the speed of sound—at an altitude of 35,000 feet most of the way. The pilot said he hit "a little over 1,000 m.p.h." between three refuelings in the air.

Communist Bulgaria fired its interior minister and two other ranking officials from party leadership, following the lead of Russia and Romania, Radio Sofia announced. Soviet party boss Khrushchev returned to Moscow, apparently highly pleased with the display of Czechoslovakian unity that marked his visit to the satellite.

An officer of Teamsters Union Local 720 in Chicago said its members voted unanimously to accept an agreement ending the three-month strike against Railway Express. It provides a total hourly pay boost of 29 cents and a cost-of-living escalator clause during a contract expiring October 31, 1958. Locals in San Francisco and Cleveland also approved the pact.

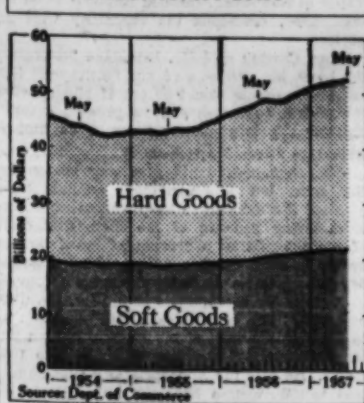
Rep. Bow (R., Ohio) gave up his plan to attach to the foreign aid bill a rider ending foreign trials of U. S. servicemen. House Speaker Rayburn predicted the \$3,242,333,000 measure would pass without any major change.

A U. S. Air Task Force plane with nine passengers and seven crewmen aboard is missing on a flight from the Philippines to Taipei, Formosa. The C-47 transport was due to reach Taipei late Monday.

Hope was abandoned for finding alive any of the 56 people missing after the sea crash of a Dutch airliner off New Guinea. Twelve were rescued but one died. A KLM spokesman said the missing included 19 children.

Japan followed Britain's lead and relaxed its trade embargo against Red China. Strategic items are still on the prohibited list but some 200 goods probably will be freed.

### Inventories Rise



**MANUFACTURERS' inventories** at the end of May had a book value of \$53 billion. This was up \$300 million during the month and \$4.2 billion from a year earlier. About two-thirds of the May increase over April was in non-durable (soft) goods, while about two-thirds of the increase over a year ago was in durable (hard) goods.

### More Clubs Sign Up For Trips, Build Boom For Travel Agencies

The Elks Descend on Hawaii As Lei-Laden Lions Leave; Some Members Ride Free

By JEROME M. KELLY

Staff Reporter of THE WALL STREET JOURNAL  
SAN FRANCISCO—A herd of 300 Elks will leave from here this week for a frolic in Hawaii. On their way across the Pacific, the Elks may pass 400 lei-laden Lions heading back to the mainland.

This coming and going is part of a fast-growing business bringing joy to travel agents this vacation season. It's part of a trend toward club travel—packaged tours for sociable members of clubs, associations and fraternal organizations such as the Elks and Lions. Also included: Increasing travel by company groups such as the thousands of Federal-Quigley Corp. dealers slated to descend this summer on Little Nassau in the Bahamas.

Nobody keeps tabs on the number of these tours, but travel agents agree happily it's on the increase. Group travel generally, club and non-club, has been averaging a 15% increase each year since World War II, according to one estimate, and clubs make up a major portion of the total.

#### Concentration on Clubs

"It's a rapidly growing part of the travel industry," says Kelo Travel Bureau of Pasadena, Calif. Adds cruise director Hamilton A. Stewart: "We are going to concentrate on clubs, local, state, national and international associations for our group travel, and the future never looked better."

Reason for the popularity of this form of travel, explain the agents, is that it offers all the benefits they claim for pre-planned tours generally, plus the added advantage to the tourist of traveling with friends and fellow club members.

"It's more fun," notes Andy Lerios, who heads a big San Francisco bay area travel agency bearing his name. "You know everybody well even before you leave on the trip. It's like a party, an international party."

"We wanted to join a group of people with something in common," agrees Henry E. Banta, a physicist for Union Carbide Corp. at Oak Ridge, Tenn. Mr. and Mrs. Banta are now in San Francisco for the annual roundup of the Benevolent and Protective Order of Elks. They'll be going along when the Elks' tour to Hawaii leaves Friday for a 13-day stay on the islands. "I'm sure we'll see much more than on a standard tour," says Mr. Banta.

#### "Free Rides"

One additional advantage to the club undertaking a tour: If it's of reasonable size, the travel agency making arrangements allows one or two "free rides." Usually the tour coordinator or high ranking officers get the free trips, but some clubs raffle them off to raise funds for the club treasury.

Groups don't have to be large to go on tour together, of course. Recently a dozen Oakland, Calif., camera bugs formed a loosely knit club for the sole purpose of taking a trip to Hawaii. They're there now, presumably shooting pictures of hula girls.

Hawaii is just one of many destinations benefiting from the pay-together, play-together plans. The Caribbean and Canada get major shares. But Hawaiian Visitors Bureau executive Walt Wood figures "over 100 such groups went to Hawaii last year."

Sun-tanned Mr. Wood calls club and group travel his "most important promotional outlet."

Mr. and Mrs. Banta will be two of an estimated 140,000 tourists expected to visit the balmy islands this year, ringing cash registers to the tune of \$75 million for Hawaiian businesses and transportation lines. That's up from \$6 million in 1946, but still only a small slice of overall tourist business. Last year, it's reckoned, Americans spent \$1.8 billion on foreign travel, with Europe, Canada and Mexico enjoying the bulk of the business.

#### May Top Sugar, Pineapples

Industrialist Henry J. Kaiser, who is becoming one of Hawaii's biggest boosters, predicts hopefully that the tourist business there "in just a few years" will hit \$250 million annually, topping sugar and pineapples as the chief island industry.

Travel agents, such as Kelo's Mr. Stewart, claim Hawaii is "ideally suited for group travel." One reason, concedes Mr. Stewart, is that there "isn't too much sightseeing. You can see all there is on the islands in six days."

Most Hawaiian trips last 12 days, because of steamship schedules, so the club tourists have another six days for sunning themselves at Waikiki and having parties.

"The exciting thing about this new business," says Mr. Stewart excitedly, "is that we can produce shows and host parties that Please Turn to Page 13, Column 3"

### Tax Report

A Special Summary and Forecast of Federal and State Tax Developments

**LOBBYING EXPENSES** should be made tax-deductible, a lawyers' group urges. The proposal is one of a score of tax resolutions adopted yesterday by the American Bar Association at its annual convention in New York City. The attorneys called for a change in the law specifically to allow deductions for traveling expenses and costs of preparing testimony or statements for committees of Congress and state legislatures.

Despite the fact that the law now bars the deduction of lobbying or advertising expenses for advocating the promotion or defeat of legislation, in practice such outlays are often deducted as part of general legal expenses or other business costs. Some lawyers fret lest the legalizing of lobbying deductions might encourage the Revenue Service to be more critical of legal claims in general.

The A.B.A. taxation section, which drafted the recommendation for the approval of the convention, turned down a similar idea at least twice before.

#### ANOTHER PROPOSAL

calls for greater leeway in valuing securities.

The tax code at present provides that when the value of unlisted stocks, usually of closely held corporations, can't be determined on the basis of recent bid and asked, or sales, prices, a factor that may be considered is the value of securities of corporations in the same line of business listed on a stock exchange. But the A.B.A. believes limiting the comparison to stocks listed on an exchange is too restrictive, urges broadening it to include the over-the-counter market.

Some of the Bar Association's other proposals parallel provisions of a bill now in the House to close so-called tax-law loopholes—such as requiring dealers in tax-exempt securities to amortize premiums the same way as other holders of tax-exempts, and barring capital-loss deductions to corporations that buy and sell stocks at dividend-paying time.

#### LAWYERS URGE

an end to the preferential tax treatment of churches.

Religious groups, of course, are among the few tax-exempt organizations that don't have to pay a tax on so-called unrelated business income. The A.B.A. charges that some "marginal religious business organizations" use this special tax-exempt status to secure unfair competitive advantages for outright commercial and industrial enterprises. The attorneys propose an amendment to give the unrelated business income of churches and associations of churches the same tax treatment accorded all other exempt groups.

Hence, the proposed law would tax a church group's conduct of a business or its receipt of rents from so-called business leases to the extent that it acquired an interest in the business or realty with funds other than its own. However, there'd continue to be no tax in cases where the total investment represents the church's own funds.

Lawyers note that legitimate religious groups are uneasy over the growth of unrelated business activities of some church groups. A religious organization in Nevada, for example, is reported to own a hotel that runs a bar.

#### HEAD-OF-HOUSEHOLD

rates may not be used to compute the income tax of a taxpayer who maintains his mother in a home for the aged. The Revenue Service said keeping one's mother in an old folks' home "is not synonymous with making a home or household for her." But the Tax Court ruled that a bachelor who maintained his sister in a mental institution was entitled to head-of-household status, mainly because his intention was to hold the household open for her return. Unmarried persons who qualify as the head of a household get about 50% of the benefits of income-splitting accorded married couples filing joint returns.

**VACATION CHECKS** paid from a vacation fund set up under a labor agreement between an employers' association and a union constitute additional "wages" for Social Security and income-tax withholding purposes, the Revenue Service ruled. The employer must withhold such taxes at the time vacation payments are made to employees, and not when the employers make their contributions to the fund, the tax authorities said.

A **CASUALTY LOSS** deduction claimed by a bank for an alleged decline in the value of its building after a flood was disallowed by the Tax Court. The Citizens Bank of Weston, W. Va., argued that while the building suffered no physical damage, the basement was abandoned for record-storing, for fear of further flooding. Sustaining the Commissioner, the Court said mere non-use of the basement was not enough to give rise to an abandonment loss for tax purposes.

#### CALIFORNIA PLANE MAKERS

are caught in the middle of a property tax hassle.

The dispute is over tangible personal property taxes assessed by counties in the state against raw materials and semi-processed inventories of Government airplane contractors. The plane makers have paid some \$22 million in such taxes since 1953, under protest, but have been reimbursed for the outlays by the Defense Department. Last month the Los Angeles County Court held the tax unconstitutional—and in so doing, ironically, complicated matters for the airplane companies.

Promptly, the Pentagon decided it couldn't reimburse contractors for a tax held illegal by a court. And at about the same time, Los Angeles County made known plans to appeal the ruling to a higher court while continuing to assess the tax—but on a new basis taking a bigger bite than before. Airplane contractors are to appear this morning at a meeting of the Los Angeles Board of Equalization to protest the county's property tax assessments.

But the most they expect to get out of the session, one of them admits, is an opinion by county officials as to whether the tax amounts are valid or excessive.

#### STATE BRIEFS:

Uncashed pari-mutuel tickets at New York State racetracks last year gave the state a \$291,000 windfall. Ohio sales tax collections reached a record \$235.4 million in the year ended June 30, up 1.7%.

### Into the Red

Social Security Heads For First Deficit as Outgo Tops Forecast

Farmers and Women Flock to Benefit Rolls in Bigger Than Expected Numbers

Another Tax Rate Increase?

By MONROE W. KARMAN

Staff Reporter of THE WALL STREET JOURNAL  
WASHINGTON—For the first time in its history, Uncle Sam's vast Social Security system this year probably will dole out more in benefits than it collects in payroll taxes.

The gap between outgo and current tax income upsets the calculations of Federal forecasters and results from these simple facts: Collections are falling short of expectations; benefits are mounting faster than anticipated, as Congress extends coverage to new groups of workers.

Payments in excess of collections also are threatened for next year and again in 1959. Only a boost in payroll levies scheduled under present law for January 1, 1960, seems likely to halt the trend. And Robert J. Myers, chief Social Security actuary, sees at least the possibility that Congress may have to raise taxes higher than existing law allows.

#### Actual Deficit in 1959

Although investment income is expected to keep the Social Security fund in the black this calendar year and next, an actual deficit is threatened for 1959. That is, payments are likely to exceed income from both taxes and investments.

Surpluses piled up in earlier years give the Social Security system a trust fund which now totals \$24 billion. Social Security officials look for this fund, with only a few interruptions, to continue growing well into the next century, as investment income and current tax receipts more than offset benefit payments. But in 1959 the fund is expected to find itself in a position similar to that of a widow who is forced to dip into her capital to pay current living expenses; the deficit that year will reduce the size of the trust fund.

To learn more precisely how his calculations went awry—and whether forecasts for the years ahead are likely to be any more accurate—Mr. Myers is taking a new statistical look into the future. The results of this new study won't be known until fall.

It trouble does appear certain, of course, it would be up to Congress to prescribe a remedy—most likely stiffer taxes. This year, tax contributions from workers and their employers rose to 2 1/4% each from the previous 2%. These levies apply to the first \$4,200 of each covered worker's annual wage. As the law now stands, payroll levies aren't scheduled to rise again until 1960, when they go up to 2 1/2%. Self-employed persons covered by Social Security now pay 3 3/4%; their rate will rise to 4 1/4% in 1960.

Actually, fund managers had figured on running a deficit in 1959 all along. But the reversals now on tap for this year and next come as a jolt. "It happened a couple of years sooner than we expected," Mr. Myers admits.

#### Upsetting Factors

What upset calculations? In the main, three things:

Last year, Congress lowered to 62 from 65 the age at which women could start drawing Social Security benefits. Officials figured the change would add about \$50,000 women to the benefit rolls in the first year ending next October. But through May



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## Brundage Says Federal Outlays May Be \$1 Billion Under Budget Estimate

But He Tells House Group '59  
Spending Is Likely to Pass  
Goal Now Set for This Year

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—Budget Director Brundage said the Administration hopes to hold Federal spending this fiscal year to about \$1 billion below the January budget estimate of \$71.8 billion.

But he made it plain this reduction, which he said would result from a combination of current Administration economy moves and the Congressional appropriation-cutting drive, was "a rough figure... just a guess." He could give no details as to where the \$1 billion savings would be made.

Moreover, he said, the Administration will have a very hard time holding spending for the following fiscal year, starting July 1, 1958, to the \$70.8 billion figure now hoped for this year.

Mr. Brundage presented this budget picture at a closed-door meeting of the House Appropriations Committee. The committee had summoned him to discuss a recent White House directive that Federal agencies hold spending this year as far as possible to the level of the 1957 year which ended June 30. The 1957 level, Mr. Brundage said, would probably be somewhere between a low figure of \$69.3 billion and a high figure of \$69.8 billion, depending on last minute figures from overseas.

The budget chief said he did not think the new Budget Bureau directive would succeed in cutting spending all the way back to the 1957 level, since there were various exceptions and uncontrollable factors to be taken into consideration. The \$70.8 billion figure, he said, seemed a good guess as to where spending would finally end up.

Mr. Brundage described the Administration's economy letter as "just a restraining influence," rather than a firm order.

If current revenues hold close to the \$73.8 billion predicted in January, the Treasury would have a \$2.8 billion surplus for the current year.

As Mr. Brundage testified, there were some indications that House Democratic leaders have begun to weaken in their earlier determination to take some new action to force even greater economy than the Administration planned. The Democrats had originally feared the Administration would take credit for major economies and recommend a tax cut. Accordingly, they talked about voting a still lower Federal spending ceiling or cancelling huge amounts of already-voted appropriations. Committee "A Little Disappointed"

Appropriations Chairman Cannon (D., Mo.) said his committee was "a little disappointed" that the new Administration economy directive was not going to save more money than Mr. Brundage estimated, and that it was still possible his committee would take some action to force lower spending. However, other Democrats on the committee said they thought that Mr. Cannon was having some second thoughts on the subject.

House-Senate conferees are scheduled to meet today to try and settle their differences on the largest money bill of the year—the Defense Department appropriation bill. The House cut another \$2.8 billion from the \$38.2 billion budget request, but the Senate cancelled about \$972 million of the House cut.

Late yesterday Defense Secretary Wilson disclosed that the Administration has agreed to trim another \$200 million from requested military funds by authorizing a 100,000-man cut in the 2,800,000 armed forces personnel in the next six months. Actual spending would be cut by about the same amount as part of the Pentagon's drive to cut military outlays to the \$38 billion level predicted for the new fiscal year. Later, Mr. Wilson said, after a review of headquarters establishments, an additional 8,000 officers will be dropped from military rolls.

Many House Democrats were still showing interest yesterday in tax-cutting action, which is at the root of the budget furor. President Eisenhower late Monday moved to head off Democratic tax-cutting action this year, telling Congress that the budget situation ruled out substantial tax relief at this time.

But many House Democrats remained convinced that the Administration plans to recommend tax relief next year and were pressing House Democratic leaders to move first with some tax cut action before Congress adjourns this summer.

On the other hand, the lawmakers showed no inclination to push Mr. Eisenhower's proposals for limited tax relief for small business. Wendell Barnes, Small Business Administration chief, hailed the President's new backing for these proposals as "Christmas in July" for small concerns and claimed the relief would amount to \$300 million a year, if voted.

Ironically, this is far more revenue loss than the Treasury has ever indicated it is willing to accept in any tax bill recently. Mr. Brundage testified in secret before the Appropriations Committee, but after the meeting, Chairman Cannon, Mr. Brundage and Rep. Taber of New York, ranking Republican on the committee, discussed the testimony with reporters.

Rep. Cannon said Mr. Brundage "expresses the hope, but cannot give any assurance" that current spending would be cut \$1 billion below the budget estimates and "expressed a fear" that next year's spending would be higher.

Brundage Gives No Reason

Mr. Brundage didn't give any reason for this fear, but Administration officials have claimed it's difficult to keep Federal spending from rising because of the increasing costs of the things the Government buys, built-in boosts in such existing programs as veterans benefits and new programs Congress approves.

Despite Mr. Brundage's testimony, Mr. Cannon said, "The committee is still uncertain as to the significance" of the Budget Bureau letter ordering 1958 spending to be held to 1957 levels. He said the Appropriations subcommittees would resume hearings immediately on appropriation bills still pending, but that "we must proceed without advice from the President as to whether these estimates are his firm estimates or not."

Sounding a warning similar to that of Senate Finance Committee Chairman Byrd (D., Va.), Mr. Cannon noted that Government spending has been increasing steadily in recent years and that the Federal debt remains high. "If through some untoward development, our revenue should fall instead of continue to rise, the country would find itself in a very difficult situation," he declared.

The committee is still in the dark, the congressman said, as to why the Budget Bureau directive was kept secret. He said it would apparently still be secret had it not been turned up "by one of the New York newspapers." The directive was first published last week by The Wall Street Journal.

Mr. Taber said he felt that the budget bureau directive "was a very proper thing, and that there wasn't any particular reason for making it public." He said Budget Bureau Director Brundage would have been "derelict in his duty if he hadn't sent out this letter," and that he hoped that as a result of this budget review "we will be able to keep expenditures down." Other Republican members of the committee defended the Budget Bureau directive as being in line with the Administration's earlier promise to try to hold spending down and to keep a continuous check on the budget.

Rep. Canfield (R., N. J.) said he had asked whether any reductions in postal service would be required as a result of the Budget Bureau order, and Mr. Brundage had replied the increased Post Office work load and pay roll were the type of "uncontrollable increases" in expenditures that would be exempted from the budget order.

## Union Asks Inquiry On Sohio Observance Of Trademark Law

CLEVELAND—The Oil, Chemical and Atomic Workers, A.F.L.-C.I.O., which has struck Standard Oil Co. (Ohio) refineries since June 7, has asked five Ohio county prosecutors to investigate whether or not Sohio is violating the Ohio State Revised Code by selling trademarked products not actually produced by the company.

Under the revised Ohio code no person can offer for sale or deliver a product for sale under a trade mark other than that actually manufactured by the manufacturer.

R. P. Buchanan, regional director of the striking union, said that he was not charging the company with the sale of gasoline or oil products not actually produced by Sohio. He said he was simply asking the county officials to determine whether the code was being violated. He added that his request will probably be extended to all county prosecutors in the state.

In making the request Mr. Buchanan noted that Sohio has been operating its service stations despite the length of the strike. "The strike has been on since June 7 and to the best of our knowledge the company has had no production at any of its refineries," he said.

A Sohio official, commenting on the union's latest action, said that "the company is still serving its customers X-Tane and Boron gasoline and is prepared to do so indefinitely." He termed the union request "simply ridiculous."

## Cement Strike Causes Texas Road Builders To Lay Off Workers

Lone Star Cement Corp. Says  
Talks Have Broken Off; Detroit  
Ships Surplus East

A WALL STREET JOURNAL News Roundup

Construction workers are being laid off in Texas as the strike-caused cement shortage began taking effect there for the first time.

About 500 men will be laid off today by two Dallas paving contractors. Austin Paving Co. will stop most of its paving work in the Dallas area and lay off 300 men, an official said. Affected will be work on the \$38.5 million Dallas-Fort Worth toll road scheduled to open in mid-August and some state highway construction.

Texas Bitulithic Co. will furlough 200 men today said Vice President Joe Lee. These men are working on jobs using cement from General Portland Cement Co., whose three Texas plants were struck last Thursday. About an equal number of men on jobs using cement from other manufacturers in Texas not struck will not be affected.

In other developments in the strike of 18,000 members of the United Cement, Lime and Gypsum Workers:

Lone Star Cement Corp. said negotiations Monday with the union local at the company's Greencastle, Ind., plant, broke down "with nothing accomplished." The union, which asked for the meeting, proposed a settlement similar to that between the union and Marquette Cement Manufacturing Co. The company representatives refused. No further meetings are planned.

Olympic Portland Cement Co., Bellingham, Wash., agreed to a new contract according to union headquarters in Chicago. The agreement provides for a wage and benefit package "in excess of 17 cents an hour increase," a union official said. This would put the pact settlement on the basis for union demands at the bargaining table with other companies. Eight concerns have signed new contracts, but most are small producers or those whose plants were not struck by the union.

A Philadelphia contractor said he paid about one-third more for "black market" cement to finish a job while other Quaker City building suppliers, like those in most Eastern cities, reported importing cement from Canada and the Midwest at higher prices reflecting added freight costs.

Industry sources in Detroit confirmed reports there is an oversupply in the area and companies are shipping cement to the East. A. C. Eichenlaub, executive vice president of Peerless Cement Corp. said he is sending "what we can spare" out of the Detroit area. The concern would probably ship about 100,000 to 200,000 barrels, depending on the length of the strike, he said.

Two big producers in the Midwest denied they were sending cement eastward. Marquette Cement, whose ten plants were not struck said shipments were being confined to the normal trading area within 250 miles of Chicago. A spokesman for Universal Atlas Cement Co., a subsidiary of United States Steel Corp., said "not one pound of our cement is going East. All of it is being shipped to our Chicago customers." Several Universal Atlas plants are organized by the United Steelworkers union and were not affected by the cement workers strike.

In Philadelphia, a spokesman for a large contractor said, "There's black market stuff around, with a stiff price tag." He said he paid about \$3.34 a bag for white cement to finish a few jobs in upstate Pennsylvania. "We bought the cement in Allentown. Ordinarily we pay about \$2.80 a bag for the same cement and I guess it's up to about \$4 a bag if you wanted to buy it in Philadelphia." A bag equals one-fourth of a barrel and weighs 94 pounds.

George Dale, a Philadelphia building materials supplier, says he has 25,000 bags of cement located in Chicago "which any Philadelphia builder can buy if he wants to pay the extra freight costs."

Mr. Dale says shipping costs of cement from Chicago to the Quaker City average \$2.40 a barrel, jacking the total cost "from \$4 to \$6 a barrel," compared with \$4 a barrel at the mill before the strike.

"Actually," says Mr. Dale, "we're making less on a barrel of cement at the higher price than we did before. I don't recommend anyone's buying it unless it's an emergency." He added, "Not too many builders are buying this Chicago cement, although I'm sure we'll get rid of it," and he notes that a short time ago he sold "a good many cars" of cement shipped from Pittsburgh.

"We're not making any so-called 'black market' profits," he said. "The main thing is to help your customers over the rough spots." "We understand that if a builder wants cement badly enough," says Morris Sarahik of Philadelphia's 20th Century Construction Co., "he can get it if he pays the price."

Mr. Sarahik comments that his firm, in the process of putting up 150 homes in Hadonfield, N. J., is "crippled badly," adding: "we're just bogged down and there's nothing we can do about it."

In answer to rumors of a 2,000-bag shipment of cement from Canada to Philadelphia, James Kelly, of M. Kelly's Sons Inc., Quaker City building supply firm, states, "If there was such a shipment, we sure didn't hear about it. Our cement operations are down to zero, without the smell of a bag or two in the city."

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# FHA Considers Hike in Its 5% Interest Rate Ceiling But Rules Out Lower Down Payment Limits Now

June Housing Starts Declined To Annual Rate of 970,000 Units, Government Says

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON — The Eisenhower Administration is seriously considering a boost in the interest rate ceiling on Government-backed mortgages after all but ruling out lower down payment requirements for the present.

If the current 5% interest limit is raised, high Federal officials indicated the increase would not be more than ¼ of 1%. The change would be designed to help maintain, or even step up, the flow of money into home mortgages insured by the Federal Housing Administration.

Present law allows the F.H.A. commissioner to boost the interest rate lenders can charge on loans insured by the agency to as high as 6% if he finds such action is warranted by homebuilding conditions.

Though no formal decision has been reached, officials also conceded it was unlikely the Administration would lower F. H. A. down payment requirements at this time. They indicated, however, that such action would come quickly if homebuilding continued to slump.

Last week's somewhat reluctant approval of a new housing bill by President Eisenhower has focused attention on what the Administration might do to help spur sagging homebuilding. Just yesterday, two new reports highlighted the industry's problems:

## Private Housing Starts

The Labor Department said private housing starts in June declined to a seasonally-adjusted annual rate of 970,000 units—compared with rates of 980,000 units the previous month and 1,091,000 units a year earlier. Recently, Treasury Secretary Humphrey told the Senate Finance Committee he thought June housing starts would turn up to a rate of about 1,000,000 units.

The Veterans Administration said builders' requests for appraisals of proposed new homes—considered an accurate indicator of future construction—last month dropped 17.2% from May to the lowest level for any month since September, 1951.

This year's housing law requires the Government to regulate discounts on mortgages insured by F.H.A. or guaranteed by the Veterans Administration. Discounting of mortgages means the sale of those mortgages for an amount less than the principal so that the yield to the person holding the mortgage is increased above the interest rate set on the mortgage.

Regulation of mortgage discounts—coupled with interest rate restrictions—would have the effect of strictly limiting the return a lender could get on the money he lends to prospective home-buyers. This might tend to hamper the flow of money into home mortgages since competing investments such as corporate bonds and Government securities are offering attractive yields.

Of course, the effect on mortgage lending would depend on how severely discounts were curtailed. The intent of the new law, however, is to keep discounts as low as possible. Thus, a higher interest rate ceiling might be used by the Government to help offset the possible lag in funds which might be created by a tight rein on allowable discounts.

Both F.H.A. and V.A. are now debating how to go about regulating discounts. "We're giving serious consideration to raising the F.H.A. interest ceiling," confides one official. The present 4½% interest limit on V.A.-guaranteed loans cannot be boosted under present law.

By raising the F.H.A. interest ceiling, the thinking is that it would allow the reduction of the range of "reasonable" discounts that could be charged by lenders. The alternative would be to leave the interest ceiling as is and allow lenders to charge larger discounts.

Again, no formal decision has been made but one official confides that a higher interest ceiling would "reduce the problem of discount control."

Opposition to such a move, it's evident, would stem from political considerations. Democrats in Congress are using high interest rates as one of their chief weapons in attacking the Administration. Another boost in the F.H.A. interest ceiling, coming hand-in-hand with a decision not to lower down payment requirements, would provide the Democrats with more ammunition.

The new housing law also gave the F.H.A. commissioner power to lower down payment requirements on mortgages insured by the agency if he found conditions in the economy and the homebuilding industry warranted such a move.

This provision has touched off a lively debate in the Administration. On the one hand are Federal housing officials who feel the current rate of housing starts is too low and reduced down payment requirements might stimulate demand from home-seekers in the lower income brackets. They also argue many builders have already entered into commitments on the assumption that lower down payments would be put into effect.

Treasury and White House officials, on the other hand, contend lower down payments would have little effect on actual homebuilding since most lenders now are requiring down payments steeper than present F.H.A. minimums. More important, they argue, easier terms would tend to aggravate strong inflationary pressures already present in the economy.

## No Decision Yet

A final decision in the controversy is not expected until perhaps later this week. Federal Housing Administrator Cole termed reports that a decision had already been reached "absolutely inaccurate."

But, it's clear that unless there's a sudden change of heart the Treasury-White House view will prevail. One top-level official summed it up this way: "You have just a certain amount of ammunition, and you want to use it when it'll be most effective."

If housing starts continue to slump or if inflationary pressures subside, this official indicated the Administration would move quickly to put reduced down payment minimums into effect. "This thing's wide open," he declared.

Interest rates went up in another phase of the Government's housing operations yesterday. The Housing and Home Finance Agency boosted to 3% from 2½% the interest rate on college housing loans.

Federal Housing Administrator Cole said the new rate — which applies to loans made from about \$257 million of uncommitted funds on July 1 — would remain in effect for the current fiscal year ending next June 30 and "as long thereafter as the Treasury average remains at or near its present rate."

The rate on college housing loans is computed under a formula based on the average rate for all interest-bearing government obligations. This year's housing bill omitted an Administration request for a new formula that would have, in effect, raised the college housing loan interest rate to 3½%. Mr. Eisenhower said this omission was one of the "very serious defects" in the bill.

## June Starts Trail May

The Labor Department report said builders started work on 92,000 private homes in June. This fell below the 96,000 starts of the previous month and the 104,000 starts of a year earlier.

In addition, the report said, builders started work on 5,000 public housing units last month—compared with 6,000 in May, and 2,800 in June of last year.

During the first half of this year the department reported, 506,800 public and private units were placed under construction. This was 13% below the like period of last year, and the lowest January-to-June total since 1949.

The department said the decline came entirely in private housing. The annual rate of private housing starts during the first half of this year fell 16% to 950,000 from 1,135,000 units a year ago.

June's decline in housing starts comes as something of a surprise. Recently Treasury Secretary Humphrey told the Senate Finance Committee there were signs homebuilding was about to perk up. He predicted June starts would rise to an annual rate of 1,000,000 units.

And, the outlook for the future—at least under the V.A. program—grows even dimmer. V.A. said it received only 13,738 requests for appraisals on new construction in June. This compared with 16,584 appraisal requests in May, and 35,620 in June of last year.

Appraisal requests are the first indication of builders' construction plans under the V.A. program. They precede loan applications from veterans by several months.

V.A. said it received 20,911 loan applications in June—compared with 22,834 in May and 41,377 a year earlier.

Actual starts under G. I. home loan guarantee program reached 12,983 units in June, V.A. said. This was a 7.8% climb over May, but was down 51% from a year earlier and was the lowest June volume since 1951.

As for already-built homes, V.A. said it received 20,911 requests to appraise existing dwellings last month—compared with 22,834 in May and 41,377 a year earlier.

## Federal Credit Banks Offer \$65 Million 4.20% Issue of Debentures

By a WALL STREET JOURNAL Staff Reporter  
NEW YORK—An issue of \$65 million of 4.20% Federal Intermediate Credit Bank debentures is on the market today priced at par. The new debentures are dated August 1, 1957, and due May 1, 1958. They are being offered through John T. Knox, fiscal agent, and a nationwide group of securities dealers.

Proceeds from the financing will be used to refund \$65 million of 3½% debentures coming due August 1, and for lending operations. It was also announced \$11 million of the Credit Banks' outstanding 3½% due October 1, 1957, were sold and privately placed.

## Senate Unit Approves Tighter SEC Control Over Unlisted Concerns

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—The Senate Banking Committee formally voted to tighten Securities and Exchange Commission regulation over at least 600 companies whose securities are traded over the counter.

In a busy session yesterday, the committee also voted down, by an eight to seven party-line vote, President Eisenhower's proposal to set up a special commission to study the nation's financial and monetary condition and put aside until next year another Administration proposal to raise interest rates charged on some direct Government loans.

Rejection of the national monetary commission was in effect a vote of confidence in the study now under way by Sen. Byrd's (D., Va.) Senate Finance Committee. Shelving of the interest rate proposal means rates will continue unchanged, at least this year, on loans from such agencies as the Rural Electrification Administration and college housing authorities.

The Administration-backed bill would have provided that these and other agencies charge at least as much interest on their loans as the Treasury must pay to borrow money on the market.

By a 12-to-3 vote, the lawmakers approved a bill to apply the S.E.C. rules for companies whose stock is listed on exchanges to unlisted concerns which have at least \$10 million in assets and 1,000 stockholders.

This would mean these concerns would have to file more detailed financial information with the S.E.C. and for the first time come under the commission's proxy rules and "insider trading" regulations that require officers and large shareholders to report their transactions in the company's stock.

Chances of Senate passage are considered slim this session.

## Pittsburgh Coke & Chemical Increases Price of Pig Iron

PITTSBURGH—Increases of \$1.50 a gross ton on its various grades of pig iron were announced by Pittsburgh Coke & Chemical Co.

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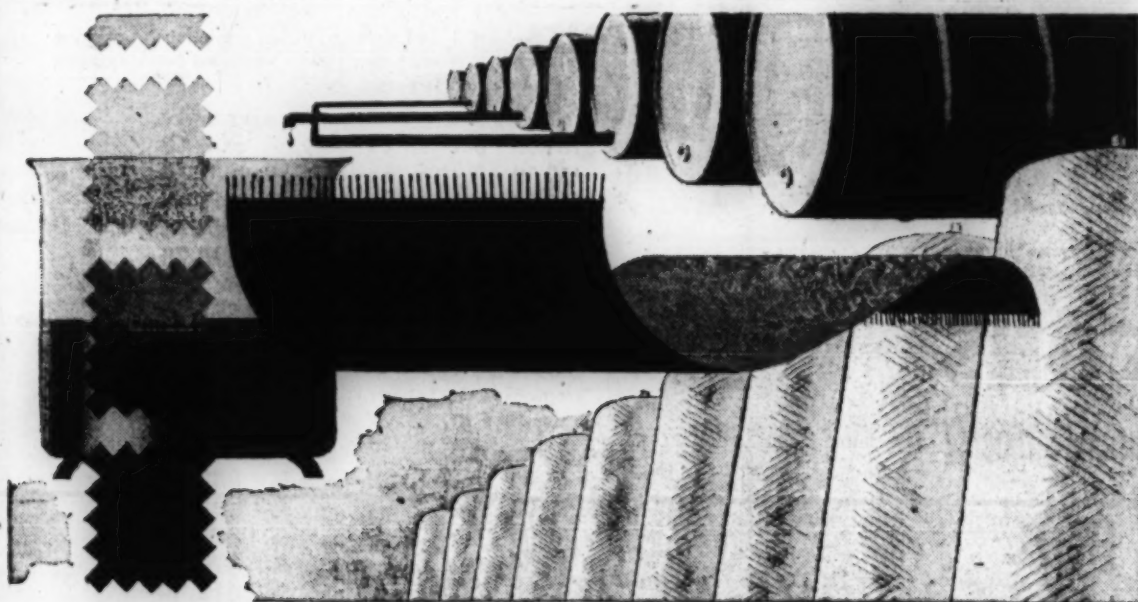
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# KOPPERS



## Martin Says High Interest Rates Are Cheap Price to Check Inflation

### FRB Chief Tells House Unit Recession Will Occur If Spiral Isn't Halted

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON — Federal Reserve Board Chairman Martin told Congress inflation is still the major danger facing the economy and higher interest rates are "a very cheap price to pay" to forestall the threat.

Testifying before the House Banking Committee, Mr. Martin said that if inflationary pressures aren't checked the nation "ultimately will be faced with a serious recession." He said the board's policy of restraining credit has laid the "groundwork" for a stable dollar but the battle hasn't been won yet. The cost of living has risen steadily over the past eight months, he noted.

"I have never liked high interest rates," the board chairman told the committee. "I like to see interest rates as low as they can be without being inflationary." Money is like other goods, he said, and a "modest increase in interest rates when the demand for money far exceeds the supply" is needed to brake inflation.

The committee's second-day questioning of the Reserve Board chief had little to do with the Senate-passed bill to revamp the banking laws that is pending before the panel. Instead, most of the discussion was on broad F.R.B. policy. Committee Democrats reiterated the warning they issued at Monday's session that an extended discussion of broad economic matters was likely.

Rep. Patman (D., Texas), a high-ranking panel member, said he had some policy matters he wants to take up with Mr. Martin. And Rep. Muller (D., N.Y.) said "this bill is

the most important piece of legislation before this committee in 20 years and should be explored thoroughly."

"I'll be here as long as you want," said Mr. Martin.

The F.R.B. chairman termed the demand for money in recent years "tantamount to a California gold rush." If the board were required to loosen credit so that interest rates would remain low, as some Democrats have proposed, the board wouldn't be able to control inflationary forces, according to the witness.

"What we need to do to meet current problems" and pave the way for "the undoubted prosperity ahead is to reduce spending and increase savings," he declared. "Until the savings rate can catch up we've got to slow down spending a little bit."

Mr. Martin said the board's influence on interest rates has been exaggerated and that the rate is set "in large measure" by the market. "The forces we are dealing with are bigger than the Fed—the ebb and flow of demand in a vigorous, strong American economy," he added. Mr. Martin compared the board's position to that of King Canute trying to order the tides around.

Asked by committee chairman Spence (D., Ky.) how he would feel if Congress were to issue a declaration setting forth a goal for the board of stable dollars and interest rates, Mr. Martin said he wouldn't object as long as Congress made clear this was a long-range target. At present, he said, "the only way" the Government can strive to achieve this goal "is resist inflation and deal with the cost of living."

However, Mr. Martin said, if the board were instructed to take concrete action now, such as pegging Government bonds at par, "you would be instructing us to depreciate the purchasing power of the dollar."

## Mutual Broadcasting's Talks on Sale of System May Be Finished Today

### Group Headed by Los Angeles Radio Executive Negotiating For RKO Teleradio Unit

By a WALL STREET JOURNAL Staff Reporter  
NEW YORK—Negotiations for the sale of Mutual Broadcasting System, Inc., radio network to a group headed by Los Angeles radio executive Paul E. Roberts were still in progress late yesterday.

A spokesman for Mutual said the proposed sale is expected to be completed today. The same spokesman on Monday had predicted the transaction would be closed yesterday. His latest report was that the negotiators, closeted in a New York "hideaway," still had some details to iron out.

Mutual is a subsidiary of RKO Teleradio Pictures, Inc., which is, in turn, a subsidiary of General Tire & Rubber Co. The Mutual network owns no stations but has contracts with 480 affiliates.

The spokesman for Mutual said the proposed sale would cover contracts the Mutual network has with the 480 affiliates, advertising accounts, good will and the physical assets, such as desks and office machinery, of the Mutual offices at 1440 Broadway in New York City.

Mr. Roberts, the chief negotiator for the group proposing to buy Mutual, could not be reached for comment yesterday. In Los Angeles, Mr. Roberts' secretary said he is president and majority stockholder of a Hollywood firm called United FM, Inc., representatives for FM stations throughout the country.

Mr. Roberts, according to his secretary, is in his early 40's, has been in Los Angeles less than two years, and before that he is said to have done radio and publishing work in New York.

No reason was given by RKO Teleradio for its decision to dispose of Mutual. However, last

April, Thomas F. O'Neil, president of RKO Teleradio, said the outlook for every phase of RKO Teleradio business this year was optimistic except for the Mutual Broadcasting System radio network.

Subsidiaries of RKO Teleradio, which are in no way involved in the proposed sale, include RKO Unique, which makes records; RKO Music and RKO Pictures. Key stations which RKO Teleradio owns include WOR, New York; WHBQ, Memphis; KHL, Los Angeles; WNAC, Boston; KFRG, San Francisco and WGMS, Washington.

Station WOR, forerunner of the Mutual System, was founded in 1922 in Bamberger's Department Store in Newark, N. J., to help promote sales of the store's musical instruments. In 1929, when R. H. Macy & Co., Inc., acquired Bamberger's, Macy's also took over the Bamberger Broadcasting System, Inc., which included WOR.

The Mutual System was formed in 1934 by the banding together of four independent radio stations, including WOR, into a cooperative group for the purpose of reducing operating overhead through the sharing of programming costs. Eventually, other independent stations joined the group. In 1932 General Tire took over control of the system.

## Philadelphia Fire Association Plans Merger, Name Change

PHILADELPHIA—Fire Association of Philadelphia, 140-year-old insurance firm here, is proposing to absorb two of its subsidiaries by merger and to adopt the name of one of them, Reliance Insurance Co., for the parent company. The plan, approved by the directors, will be submitted to stockholders at a special meeting September 12.

Besides Reliance, the other subsidiary involved is Eureka Casualty Co. A third subsidiary, General Casualty Co. of Wisconsin, Madison, Wis., is not included in the merger plan. The merger would become effective next January 1.

Kenneth B. Hatch, president, said the merger would produce economies in operation. The change of name, he said, would better describe the company's present multiple-line business, which includes all forms of insurance except life and accident and health.

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\$ 85.00 but you pay only 1/2	\$42.50
\$ 75.00 but you pay only 1/2	\$37.50
\$ 59.50 but you pay only 1/2	\$29.75
\$ 55.00 but you pay only 1/2	\$27.50
\$ 37.50 but you pay only 1/2	\$18.75

**TOP COATS** 100% Cashmeres • 100% Camel Hair • Imported Italian Silk & Wool • Worumbo • Imported Silk Gabardine • Couvert • Imported Tweed

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\$165.00 but you pay only 1/2	\$82.50
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\$115.00 but you pay only 1/2	\$57.50
\$ 89.50 but you pay only 1/2	\$44.75
\$ 79.50 but you pay only 1/2	\$39.75
\$ 69.50 but you pay only 1/2	\$34.75
\$ 65.00 but you pay only 1/2	\$32.50

**SPORT COATS** Imported Tweeds • Harris Tweeds • Fine Tropicals • Imported Silk & Wool • Latest fabrics, designs and styles

Original Price	SALE PRICE
\$ 65.00 but you pay only 1/2	\$32.50
\$ 55.00 but you pay only 1/2	\$27.50
\$ 50.00 but you pay only 1/2	\$25.00
\$ 37.50 but you pay only 1/2	\$18.75
\$ 35.00 but you pay only 1/2	\$17.50
\$ 25.00 but you pay only 1/2	\$12.50

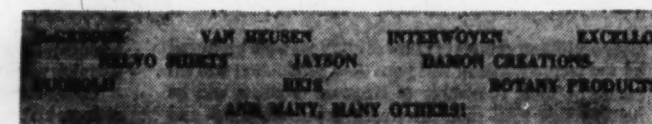
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TAMPA-ST. PETERSBURG NON-STOP 3 HRS. 35 min.

Louisville NON-STOP 2 HRS. 37 min.

New Orleans NON-STOP 4 HRS. 5 min.

Miami . . . NON-STOP 3 HRS. 30 min.

Houston . . . NON-STOP 4 HRS. 56 min.

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## Barr Denies Ward Made Pact With Teamsters for Aid in Proxy Fight

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—John A. Barr, chairman of Montgomery Ward & Co., labeled as "completely and absolutely untrue and unfounded" charges that the big mail order chain worked up a deal to grant the Teamsters Union the right to organize its employees in return for voting the union's holdings in Montgomery Ward stock for management in a 1955 proxy fight.

The company's top official, who said he handled all labor negotiations with the Teamsters in 1955, told the Special Senate Investigating Committee flatly: "There was never any agreement or understanding between Montgomery Ward and the Teamsters Union, or between any representatives of them, concerning the voting of any Ward stock the union may have owned or controlled."

Mr. Barr appeared before the Senate investigators at his own request to answer "inferences" he said were drawn from a statement made in May before the committee by Alfons Landa, a Washington lawyer.

## Landa's Earlier Testimony

Mr. Landa has testified he advised Teamster chief Dave Beck to vote the Montgomery Ward stock owned by the Teamsters Union in support of management at the annual stockholders' meeting in 1955, and that he suggested to Mr. Beck if the stock were so voted the management would probably permit the union to organize Ward's employees.

Mr. Landa further testified he understood from printed newspaper reports the union did vote its holdings in favor of management, and Montgomery Ward and the union entered into a labor contract.

From this testimony, Mr. Barr told the Senate investigators, "a large segment of the press and at least some members of this committee inferred that the management of Montgomery Ward had entered into an improper agreement or understanding with the union under which organizing privileges were granted to the union in exchange for the union's support in the proxy contest which was being waged for control of Montgomery Ward."

Publication of these "completely false charges and inferences" Mr. Barr asserted, "has done great damage to Ward's reputation, and has been injurious to its relations with employees, customers and stockholders. Each and every one of these inferences are untrue," he added.

## Teamster Holdings Given

Chairman McClellan (D., Ark.) said committee investigators found the teamsters owned 12,500 shares of Montgomery Ward stock in 1955, worth \$1,116,066. The vote by which Sewell Avery's management group defeated contender Louis Wolfson for control of the firm, according to Mr. Barr's lawyer, was 4.1 million shares to 1.7 million.

The union contract, Mr. McClellan also said, was signed March 31, 1955, and the company's annual meeting when the proxy fight concluded was April 22.

Mr. Barr's testimony failed to convince Sen. Kennedy (D., Mass.). The lawmaker, claiming Montgomery Ward traditionally opposed any union organizing its workers, said, "It seems to me that is a series of events from which you can draw a reasonable surmise there was a connection."

Mr. Kennedy also got the Ward chairman to concede that Richard Nye, an official of the firm handling proxy solicitations for Montgomery Ward, "might have" mentioned in his reports that the union held Montgomery Ward

stock and asked for instructions on what to do about it.

But Mr. Barr testified he told Mr. Nye to do "absolutely nothing. We were conducting negotiations with the union," Mr. Barr recalled telling Mr. Nye, "and we must not mingle the two matters." The mail order official added, "To the best of my knowledge, Mr. Nye followed these instructions."

## "Never Any Agreement"

"There was never any agreement or understanding between Montgomery Ward and the Teamsters Union, or between any representatives of them, concerning the voting of any Ward stock the union may have owned or controlled," the official said, and no such agreement was ever discussed between company and union representatives.

Montgomery Ward did not know in 1955 and does not know at present how many shares of stock, if any, were owned or controlled by the Teamsters at the time of or before the 1955 annual stockholders meeting, Mr. Barr said. The union was not a stockholder of record in 1955 and no stock was registered or voted in any name which is identifiable with the union, he added.

The labor contract Montgomery Ward and the Teamsters signed in 1955, Mr. Barr said, covered no employees other than those "who theretofore had voluntarily chosen the union as their bargaining agent in the manner provided by the National Labor Relations Act." He also testified the mail order chain has not entered into any union agreement since then covering any employees who have not voluntarily chosen the union as their bargaining agent according to law.

## Right of Employees Cited

Montgomery Ward "fully recognizes the right of its employees to join or not to join a union as they wish," the chairman said. None of the concern's employees "have joined any union under the mistaken belief" that the company expects or desires its workers to do so, he added.

Mr. Barr continued that if a majority of employees in any of the Montgomery Ward's units vote for the Teamsters or any union, in a free and secret election conducted by the N.L.R.B., the company must bargain with that union. "That was what Ward did in 1955," its chairman said.

Alfons Landa "was not employed by or in any way engaged to represent or speak for the company at any time," Mr. Barr said. Any remarks Mr. Landa may have made to Dave Beck or anyone else concerning Montgomery Ward were "unauthorized and wholly voluntary," he said.

After Mr. Barr had presented his case, Sen. Mundt (R., S. D.) commented, "I don't see how Teamster stock could have made any difference." He referred to the reportedly tiny Teamster holdings as compared to the 5.8 million shares voted in the proxy fight.

Mr. Barr agreed, "It wasn't significant." Sen. Kennedy, however, thought otherwise. He said Montgomery Ward's management group didn't know at the time just how many shares Dave Beck might have controlled or how close the election might be. He asked Mr. Barr if reports that Mr. Beck was going to back the management group weren't helpful.

The Montgomery Ward chairman replied, "If it was beneficial, it was of inconsequential significance." The Teamsters' stockholdings, he declared, provided "not a scintilla of motivation for entering into (the union organizing) agreement."

## Norge Washer Makes Debut Amid Display Of \$1,000,000 in Cash

Crowds, TV Cameras Jam Bank  
In Buffalo as Distributor  
Shows New Machine

By a WALL STREET JOURNAL Staff Reporter

BUFFALO—The lobby of the Western Savings Bank in downtown Buffalo was crammed shortly after opening time yesterday morning.

The big new attraction was a display in the bank lobby of \$1 million in cash, piled around what Norge calls its "million-dollar" washer. It marked the climax of a bit of merchandising hoopla staged by a distributor for the Norge division of Borg-Warner Corp. Object: to bolster enthusiasms for a new automatic washer being introduced by Norge at dealer meetings this week. The distributor, Cladco Distributors, Inc., hired 15 special guards to watch the \$10,000 to \$30,000 bundles of cash.

The money for the unusual display was furnished by the bank under special arrangement with the distributor.

While TV cameras whirled away at the display yesterday morning, several hundred curious spectators crowded the lobby, forcing the bank's guards to close all entrances until the throng could be thinned out. The presence of TV cameras was an added attraction for the curious.

The display got under way at the bank Friday and wound up yesterday. This morning the washer will be carted out of the bank and placed atop a special float for a 100-mile parade through the streets of Buffalo and other nearby western New York cities such as Niagara Falls, Lackawanna, Jamestown and Olean.

The washer will wind up in Cladco's showrooms for an official unveiling for about 420 western New York Norge dealers served by the distributor.

Norge's million-dollar theme comes from the company's claim that it spent that much developing the new model washer. To carry out the idea further, Norge insured the washer for a \$1 million before it was air freighted to Buffalo, from Chicago.

## Flying Tiger Gross Revenues

BURBANK, Cal.—Flying Tiger Line reported that gross revenues for the two-month May-June period amounted to \$6,094,444, an increase of 79% over the corresponding period of 1956. Robert W. Prescott, president, said the gain reflected the operations of the new fleet of 12 Lockheed Super H Constellation airliners put into service May 1.

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SPECIAL GROUP

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HANDWOVEN SHOES

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ODDS 'N' ENDS

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FORMERLY 24.95 TO 26.95

TOUCHSTONE MODELS

IN RAFFIA

11<sup>90</sup>

FORMERLY 17.95

ALSO REDUCTIONS ON EVERY PAIR IN STOCK  
All Sales Final

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Here, close to Northern markets, you enjoy the competitive advantages of Southern manpower and climate. Five major airlines speed your business trips, and mail.



Five main line railroads and 56 truck lines put you within overnight reach of New York, Atlanta, Pittsburgh . . . with favorable rates to the Mid-West. And the James River deepwater channel brings world shipping to your door.

Abundant, low-cost electricity flows from VEPCO's modern power network. Capability is already 1,362,000 kilowatts . . . and it's building to 2,000,000 kilowatts by 1959. You have natural gas on tap. Coal, wood, basic chemicals, marine and vegetable oils roll in at short-haul savings.

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40-carat genuine Blue Star Sapphire. Finest color flower blue color. Very distinct star. Surrounded by 16 large baguette diamonds. Total weight 2.00 carats. Platinum custom made mounting.  
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**MAN'S CATSKY PLATINUM RING**  
18-carat genuine Cat's Paw. Finest Cabochon shaped. Gem honey color. Exceptionally fine distinct eye. Large tapered .40 carat blue-white baguette diamond on each side of Platinum custom mounting.  
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1.45-carat Emerald cut diamond. Flawless blue-white brilliant quality. Large tapered baguette diamond on each side of Platinum custom made mounting.  
To Liquidate Loan.....\$1,225.00

**LADIES' DIAMOND PLATINUM RING**  
1.80-carat Round diamond. Blue-white fine brilliant quality. Large baguette diamond on each side of Platinum custom made mounting.  
To Liquidate Loan.....\$1,065.00

**LADIES' GENUINE GREEN EMERALD RING**  
5.00-carat genuine Emerald cut green Emerald. Finest gem color and quality. Extra large baguette diamond on each side of Platinum custom made mounting.  
To Liquidate Loan.....\$1,500.00

**LADIES' ROUND GEM DIAMOND RING**  
1.00-carat Round diamond. Flawless blue-white gem quality. 2 round and 1 baguette diamond on each side of Platinum custom made mounting.  
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**Washington at Work**

Congress

**Barter:** An Agriculture Department official told the Senate Agriculture Committee his agency's recent tightening of its barter regulations might result in a "drastic decline" of such deals.

**Kuykendall:** Sen. Morse (D., Ore.) testified at length before the Senate Commerce Committee in opposition to the renomination of Jerome Kuykendall as chairman of the Federal Power Commission.

**Prices:** A Tennessee University economist testified before a Senate Judiciary subcommittee on the relationship between price flexibility and competition in a given industry.

**Securities:** The Senate Banking Committee formally approved a bill (S. 1168) to tighten regulation by the Securities and Exchange Commission over at least 600 firms whose securities are traded over the counter.

**Monetary Commission:** The Senate Banking Committee by an 8 to 7 party line vote defeated a bill embodying President Eisenhower's proposal to create a commission of nine private citizens to conduct a broad investigation of the nation's monetary and financial condition.

**Interest Rates:** The Senate Banking Committee decided to defer hearings until next year on an Administration-sponsored bill to require Federal lending agencies to charge high enough interest on their loans to reflect the interest costs the Treasury Department must pay when it borrows money in the private market.

**Unemployment Compensation:** The House Ways and Means Committee considered but took no action on a bill to extend coverage of the Federal unemployment compensation system to all firms with one or more employees.

**Budget:** Budget Director Brundage told a closed-door meeting of the House Appropriations Committee the Administration hopes current year spending will be about \$1 billion below the \$71.8 billion budget estimate.

**Sen Sen:** The House Ways and Means Committee approved a bill to lift the 10% retail excise tax from aromatic cachous, used in Sen Sen.

**Lifo:** The House Ways and Means Committee approved a bill to make sure that metal manufacturers do not bear an increased excess profits tax when they choose to take advantage of certain other tax provisions involving the replacement of LIFO inventory.

**Social Security:** The House Ways and Means Committee approved bills to permit certain interstate instrumentalities such as port and bridge authorities to come under the social security system; to allow certain states to split their retirement systems into groups covered by Federal social security and non-covered groups; and to extend the time during which ministers can choose to be covered by social security.

**School Bill:** The House Rules Committee heard opponents and backers testify on a school construction bill, and scheduled further hearings on the controversial measure.

**Small Farms:** International Cooperation Administration officials outlined before a House

Agriculture subcommittee the small farm situation in other nations.

**Welfare Plans:** Officials of Marsh and McLennan Co., a Chicago brokerage firm that administers a number of welfare and pension funds, opposed legislation requiring disclosure of welfare fund files, and proposed instead establishment of a Government commission to look into abuses. They testified before the House Labor Committee.

**Seizure Rights:** State Department officials told a House Merchant Marine subcommittee the agency opposes a bill (H.R. 5598) providing for payment by the U. S. of claims filed by citizens whose ships or cargoes have been seized by other nations. The measure stems from a controversy over Mexican seizure of certain U. S. fishing vessels' cargoes.

**Foreign Aid:** The House continued debate, but took no action on, a measure authorizing \$3.2 billion for foreign aid.

**Bureaus**

**College Housing:** The Government boosted to 3% from 2 1/2% the interest rate on college housing loans. Federal Housing Administrator Cole said the new rate would apply to loans made out of \$287 million on uncommitted funds on July 1.

**Farm Income:** The Agriculture Department estimated realized net farm income ran at a seasonally adjusted annual rate of \$12.1 billion in the first half of this year, up from \$11.9 billion in the like months of 1956.

**Japanese Occupation:** The Court of Claims, in a case involving Standard-Vacuum Oil Co., ruled Uncle Sam does not have to pay for the possession and use of private property during the Japanese occupation following World War II.

**Housing Starts:** The Labor Department reported private housing starts in June dropped to a seasonally adjusted annual rate of 970,000 units. This compared with annual rates of 980,000 units in May and 1,001,000 in June of last year.

**G. I. Homebuilding:** The Veterans Administration reported requests for appraisals on proposed construction dropped to 13,736 last month—the lowest for any month since September, 1951.

**What Every Pilot Needs:  
White Sidewall Plane Tires**

By a WALL STREET JOURNAL Staff Reporter

AKRON—General Tire & Rubber Co. announced it is turning out white sidewall tires for airplanes. They are being adopted as standard equipment on the executive version of the Fairchild Engine & Airplane Corp.'s F-27 twin-engine transport.

William O'Neil, president of General Tire, said the company expects white sidewall tires to become popular for business planes and other private aircraft owners. He noted more than 40% of today's passenger car tires are white sidewall. The idea started in the tire industry about 1929.

**Borden Canadian Unit Expands**

TORONTO, Ont.—Borden Co. has started construction in West Hill, a Toronto suburb, of a new \$400,000 plant which will produce adhesives, coatings and other compounds. The 17,000-square foot building is being built by Borden Chemical Co. (Canada) Ltd., a wholly-owned subsidiary of Borden. Samples and formulas of the company's products are being sealed in the building's cornerstone so that engineers in the future will be able to compare them with products then in use.

**In Famous Places...  
a Famous Paint**

BLOOMSBURG, Pa.—The Mages Carpet Company has found that famous Barreled Sunlight Paints have proved "far more durable" than ordinary paints in the 25 years they have used them for plant maintenance.



For over 50 years, the "Barreled Sunlight" trade mark has been the symbol of quality, dependability and "on-the-wall" economy in paint products for industrial, institutional and commercial buildings.

BARRELED SUNLIGHT PAINT COMPANY  
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WRIGHT-PATTERSON AIR FORCE BASE,  
Ohio—Consolidation Diesel Electric Corp.,

Stamford, Conn., received a \$4,812,040 Air Force contract for generator sets, the Air Materiel Command announced.

**In July****Nation's Business**  
A USEFUL LOOK AHEAD  
JULY 1957**DON'T MISS****HOW SECOND HALF LOOKS**

New survey just completed by Nation's Business reflects general optimism about the business prospects for the second half of 1957. Some doubts show up in mining, construction, railroads, and machine tool manufacturing. Page 28.

**BUDGET CUTS DON'T CHECK SPENDING**

Many Congressional budget cuts are bookkeeping technicalities, with no effect on actual spending. Spending authority carryovers, extra funds voted later, and Congressional authorization of new spending programs—all combine to keep spending high. Page 25.

**HOW TO ORGANIZE FOR GROWTH**

The answers to three key questions tell you what your firm should do to organize for growth, when, and how. In today's competitive market, a vitally important subject. Page 42.

**YOU'LL HIRE THIS MAN IN '65**

Business school curricula are being reshaped to produce a new kind of graduate: the specialist-generalist, skilled in many trades and master of at least one. Read the opinions of leading business school deans in the article starting on page 34.

**NEW WAY TO USE FACTS**

Six-part course developed at De Paul University is training management in the methods for focusing on problems, effectively defining the problems, and efficiently reaching decisions on them. Page 74.

For a sample copy of July Nation's Business, write on your business letterhead. Not sold on newsstands; available to businessmen by subscription only—\$18 for three years.

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**HARD WORK MEETS A SMILE**

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seeking jobs in industry like Jack's—12 miles from home and one mile to a catfish.  
The Arkansas Industrial Development Commission, State Capitol, Little Rock.

THIS IS ARKANSAS



# Global Contractors: Building Boom Abroad Keeps U. S. Companies Busy

(Continued From First Page)

the "Russian way." A few hundred miles south of Kaiser's Tata mill, the Bhilai steel mill is being built by Russians.

Word concerning progress on the Bhilai mill indicates work is going slower than the Russo-Indian combination would like. The Indian government and the Soviet Union, which is supplying economic and technical aid, hope to have two of the three blast furnaces, two open hearths and a rolling mill going by October, 1958, with the entire mill in operation by late 1959.

Plans for the \$215 million steel mill were approved in October, 1955, but according to a recent issue of The Indian & Eastern Engineer, contracts for excavation had just been let to Indian subcontractors. Planned output of the Bhilai mill is about one million tons of ingots annually, the magazine stated.

A U. S. contractor who can build a bridge in Nebraska should think twice before he decides to jump in overseas; he may find himself in over his head. The smallest job contractors consider worth while overseas would make a good-sized project back home. "We don't go after a job unless it's worth at least \$2 million," says one builder.

## A Look at Tata

For sheer project size, take a closer look at one of the largest jobs now being undertaken by a U. S. contractor—the expansion at Jamshedpur, which will boost Tata's steel output from 1,285,000 tons to 2 million tons of ingots per year. Kaiser Engineers presently has 11,000 people (including 95 Americans) working at the privately-owned steel works, 100 miles east of Calcutta.

Excluding locally-purchased material, Kaiser will ship in \$66 million worth of material for the project. Half will come from Germany, one-third from the U. S., and the remainder from Great Britain and Japan.

"You can compare our supply problem with the logistical support of the Army," says fast-talking, fast-moving Mr. Ruvkun. Mr. Ruvkun runs the nerve center—or "combat information center" as he calls it—for Tata from offices here, some 8,000 miles away from the Jamshedpur site. Progress schedules and graphs cover every available inch of wall space in the control center.

Americans in India estimated it would take Kaiser four to four and a half years to do the job, another Kaiser engineer says. "They thought we were nuts when we said 30 months."

Kaiser submitted an estimate of costs in January, 1956, which was accepted by Tata. "Our contract was a cost plus fixed fee," says the 37-year-old Ruvkun. "We weren't in a position to guarantee costs. No construction firm has \$130 million to risk on a job that may range upwards and downwards in cost from 20% to 40% of an estimate."

"First thing we did," he says, "we figured out what we'd need for such a job. Then we placed orders for cranes, structural steel and other long delivery items. Then we went back and designed the buildings. If you did this like an office building in the States—that is, complete the design before getting the bid, get the equipment ordered, then begin the construction—you'd add 18 months to our 30-month job on Tata," he says.

To keep material and equipment moving on time from subcontractors, Kaiser maintains a large staff of expeditors around the world—from Düsseldorf to Pittsburgh. One of their jobs is to keep track of progress being made by the 400 companies outside India manufacturing items for the Tata job.

Twice a month Kaiser brings out a 200-page progress report on every piece of equipment on order. A big red arrow is stamped next to an item if it is "critical" or behind schedule. "The red arrow means someone has to go in there and prod the company," explains Mr. Ruvkun.

Despite the frantic expediting, 40 to 50 Kaiser suppliers are behind on certain pieces of equipment for Tata. Mr. Ruvkun says delivery on this equipment has to catch up with the schedule because "any slack in our schedule was taken up last year by a particularly heavy monsoon season. Thus we didn't get much work done," he says.

This year's monsoon is now going strong at Jamshedpur. Usually lasting from three to four months, it dumps about 60 inches of rain at the Tata site. "The rains force a halt to all work except inside," Mr. Ruvkun says. "We're already behind on cement laying, but we could catch up if the monsoon season this year is an easy one. Things could jam up though if we have a bad one," he adds.

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Slow steel erection also hinders Kaiser's attempts to stay on schedule. "We can't get Indian riveters to work fast enough," says Mr. Ruvkun. It takes two Indians to handle a rivet gun because the Indians weigh only 90 pounds and don't have the strength to handle a gun by themselves. "Presently," he says, "the two man teams are riveting about 75 rivets a day." The average U. S. riveter can punch in between 300 and 350 a day, he notes.

Another classic "big one" is the \$125 million refinery built by Bechtel for British Petroleum Co., Ltd., in the sparsely populated British colony of Aden, south of Saudi Arabia. Currently, work is continuing at the 100,000 barrel-per-day refinery on a new \$13 million job to increase production of some by-products.

Even before construction of the refinery began in 1952, it was necessary for Bechtel to build a temporary city for its 11,000 construction workers. Bechtel oldtimers call "Little Aden" the largest contractor's camp ever built. Among other things, it boasted a 150-bed hospital and a 7,500 kilowatt power plant powerful enough to supply the needs of a city of 35,000 people.

Overseas construction generally gives a builder a chance to make more—and lose more—money than he would on a comparable domestic project. "There's more risk, both the usual and political, and thus a high percentage of profit," says Mr. Littlefield. "Even fixed fees are higher overseas," he adds.

The biggest fiscal problem is currency exchange. "We don't work for most currencies," Mr. Littlefield notes. Most American firms will work for few currencies other than the dollar. "Utah is working for Mexican pesos," Mr. Littlefield says, because there are no restrictions on exchanging for dollars, and for Australian pounds because, "by a long standing public policy, we can take profits out of Australia."

U. S. contractors send only key people to overseas jobs. Kaiser's general approach to jobs outside the U. S.: "Furnish Americans for top construction talent and engineers and use local talent available to actually do the construction."

Utah Construction's policy "is to send over the minimum number of Americans required to do the job. Main reason is political," says Mr. Littlefield. "By hiring most of your workers in the country you're working in, you have far less problems with the local government."

## "Warning Signals"

"Hiring Americans for overseas work is far different from hiring for construction work here," says Alex McGookin, Kaiser's overseas personnel manager.

Mr. McGookin is constantly on the lookout for what he calls "warning signals" that could disqualify a man when interviewed for an overseas job. Some warning signals: Hot temper ("slow moving foreign nationals can try a man's temper"), heavy pusher ("can't push nationals too fast"), or born in the South ("prejudice").

But for those engineers and their families who can stand up to Mr. McGookin's rigid requirements, India or Indonesia can be a lot more than 130 degrees temperature and no movies. A help-wanted advertisement in the San Francisco Examiner last week cried for graduate engineers to work in Iraq. Among the more interesting attractions: "Three year contract, no taxes! Salary range, \$1,000-\$1,500 a month."

One of the biggest difficulties in going into a foreign country for the first time is lack of

first-hand knowledge of laws and customs. Companies without same can get into trouble very easily.

At an Indonesian cement plant project, Morrison-Knudsen "hired a local relations man who supposedly took care of the Indonesians," says an M-K executive. M-K hired 2,000 local people at the work load peak. But as the workload eased "we were faced with the necessity of laying off 10% of the crew," he reports.

Upshot: "Riot," says another M-K man who was there. "They tried to kill the director of the Indonesian Cement Corp." What M-K didn't know: "You hire a person for life in Indonesia. If you want to let him go, you have to pay him off," the M-K man says.

One work stoppage that wouldn't be too common on a Kansas construction project: "All work on laying of railroad tracks ceased April 1, 1957, for reasons unknown to M-K," a monthly report from Indonesia states.

Most of the workers didn't report back to work until a month later. Reason: April is the Ramadan month for Moslems (90% of all Indonesians are Moslems). The Moslem workers were required to fast from sun-up to sun-down during the entire month. Concludes the M-K field report: "Some of the lack of progress (during April) might be attributed to the fasting which would make strenuous labor difficult."

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## Pennsylvania Power & Light

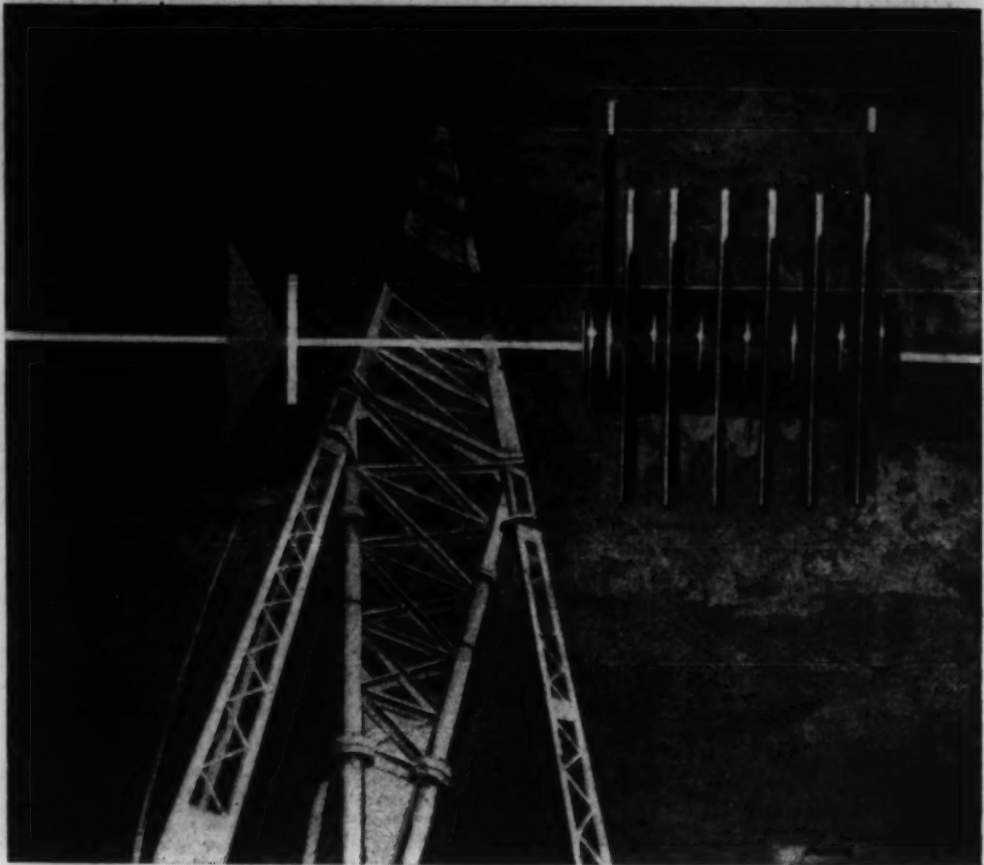
ALLENTOWN, Pa.—Pennsylvania Power & Light Co. announced plans to form two companies to obtain charter rights for construction and operation of P. P. & L.'s new generating station to be built at Brunner Island and sub-

sequently to merge them into the parent firm.

Largely, the action is legal requirement resulting from the fact that the new plant site is partly in York Haven Borough and partly in East Manchester Township, just outside P. P. & L. chartered territory, the Pennsylvania utility said. The two proposed new firms

THE WALL STREET JOURNAL  
Wednesday, July 17, 1957

are York-East Manchester Power & Light Co. and York-York Haven Power & Light Co. Necessary application for approval of their incorporation and subsequent sale to P. P. & L. has been filed with the Pennsylvania Public Utility Commission, P. P. & L. said.



## SELENIUM: ONE WAY STREET FOR ELECTRONS

A selenium rectifier is a compact, efficient device used to convert alternating current into direct current. It serves as a "one way street for electrons" in many everyday electronic devices... in everything from television to radar.

But besides its applications in electronics, selenium has many other rare characteristics: When exposed to light it generates an electric current, and so is used in light meters and photoelectric cells. Combined with cadmium, it imparts color to red automobile tail lights, to crimson paint, to red textile dye. Conversely, it is a highly efficient de-colorizer in glass where maximum transparency is essential. It is used in the manufacture of cortisone. It imparts certain desirable characteristics to stainless steel.

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those for high-purity selenium—99.99 percent pure—which is required for electronic uses.

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ASARCO works with more non-ferrous metals and elements than any other company. Selenium, indium, tellurium and most of the other rare metals and elements; and copper, lead, zinc, silver and other long-known basic raw materials are all constant subjects for ASARCO Research. We will be pleased to help you find ways and means of using these metals and elements more efficiently and economically.

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design, Chevrolet's V8's deliver high power per pound of engine weight—power that works harder for you. Chevy truck 6's are famous for their staying power. Whichever engine you choose, you know it's got the power to back up every inch of brawn in every Chevrolet Task-Force truck.

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NOW \$1050
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## IBM 2nd Quarter Net Increased To \$1.85 a Share

Earnings in First Half Rose  
\$8,192,887 Over Total for  
Year Earlier Period

Rental Depreciation Changed

By a WALL STREET JOURNAL Staff Reporter  
NEW YORK—Indicated second-quarter net income of International Business Machines Corp. rose to \$21,315,900, or \$1.85 a share, from \$16,880,295, or \$1.41 a share, in the like 1956 period.

Thomas J. Watson, Jr., president, said net profit for the first half of 1957 climbed to \$40,061,507, or \$3.47 a share, from \$31,888,620, or \$2.63 a share, in the year-earlier period. I.B.M. said a change in the method of computing depreciation for rental machines produced since January 1, 1956, reduced net income for the first six months this year by \$4,892,021, and reduced net income by \$1,188,917 for the like 1956 period.

The company noted that net income for the first half of this year included \$2,801,273, which was derived from the outright sale to customers of punched card accounting and data processing machines previously under lease to them. Under the consent decree entered into with the Government in January, 1956, I.B.M. is required to sell as well as lease new tabulating and data processing machines.

Per-share earnings for the 1957 second quarter and first half year were based on 11,552,460 shares outstanding after the 100% stock split, made effective May 7, 1957, and the 1,000,223 shares of additional stock sold through the rights offering, which ended last June 10. I.B.M. holders subscribed to the offering in the ratio of one new share for each ten held of record May 21.

Per-share earnings for the 1956 second period and first half year were figured on 10,502,237 shares, which were the total outstanding on June 30, 1956, adjusted for the 100% split.

INTERNATIONAL BUSINESS MACHINES CORP. and its domestic operating subsidiary report for the six months ended June 30:

	1957	1956
Earnings per share	\$1.85	\$1.41
Profit before income taxes	\$21,315,900	\$16,880,295
Federal income taxes	4,892,021	4,892,021
Net income	\$16,423,879	\$11,988,274
Capital share	\$11,552,460	\$10,502,237

a-Gives effect to the 100% stock split effected May 7, 1957, and the 1,000,223 shares of additional stock sold through rights offering which ended June 10, 1957. b-Adjusted for the 100% stock split in May, 1957. c-Net income for the March quarter of this year was \$16,423,879 or \$1.41 a share, against \$16,880,295 or \$1.41 a share in the first quarter of 1956. Share earnings in both March quarter periods are based on the 10,502,237 shares adjusted for stock split last May.

Parke, Davis & Co.  
PARKE, DAVIS & CO. reports for the quarter ended June 30:

	1957	1956	1955
Earnings per share	\$1.12	\$0.90	\$0.73
Net sales	\$8,100,722	\$7,033,121	\$6,984,854
Net income	\$4,957,507	\$4,137,084	\$3,561,800
Common shares	4,374,967	4,596,389	4,877,981

Six months ended June 30:

	1957	1956	1955
Earnings per share	\$2.26	\$1.76	\$1.31
Net sales	\$15,888,342	\$13,065,158	\$12,798,804
Net income	\$8,954,514	\$7,274,168	\$6,118,603
Federal income taxes	\$1,192,000	\$948,000	\$828,000
Net income	\$7,762,514	\$6,326,168	\$5,290,603

## C. M. Hall Lamp Net Rose To \$128.608 in First Half

DETROIT—C. M. Hall Lamp Co. for the first six months this year had an operating profit of \$128,608 on shipments averaging \$300,000 a month, Harry D. Hirsch, president, said at the annual meeting.

This compares with a loss during the comparable year-ago period of \$19,220, before special credit for a claim against the Government. Mr. Hirsch said the company's business volume is expected to climb to \$1 million monthly this fall with the start of production for the 1958 car-model year.

The concern manufactures lamps and accessories for automobiles.

## Korvette Expects Sales, Net to Rise in Fiscal Year to September 28

By a WALL STREET JOURNAL Staff Reporter

NEW YORK—For the fiscal year ending September 28, E. J. Korvette, Inc., expects earnings to be "in the neighborhood" of \$1,800,000, or \$1.50 a share, compared with \$1,558,878, or \$1.28 a share, in fiscal 1956, and sales to "exceed \$72 million," compared with \$54,847,140 last year, Bernard Waltzer, assistant treasurer, said.

Sales have grown faster than earnings, Mr. Waltzer said, because Korvette's expansion program is being financed out of earnings.

The retail chain, the stock of which was admitted to the New York Stock Exchange last February 18, does not intend to pay its first dividend in the near future. "We feel our shareholders are happier to have us reinvest earnings and build up equity," Mr. Waltzer said, adding that a \$28.5 million expansion program is being financed from current and retained earnings and from short-term bank loans. "There will not be any dilution of shareholders' equity," he added.

## American International

AMERICAN INTERNATIONAL CORP. reports the following net assets:

	June 30, '57	Mar 31, '57	June 30, '56
Net assets per share	\$10.18	\$17.35	\$19.60
a-Net assets	\$40,872,988	\$69,461,111	\$43,674,319
Capital share	2,536,600	2,536,600	2,536,600

a-Based on market quotations or valuations assigned by board of directors. b-After payment on June 25, 1957, of a capital dividend of 25 cents per share.

Income account for six months ended June 30:

	1957	1956	1955
Total income	\$682,410	\$590,277	\$508,130
b-Net inc. after taxes	\$1,064	\$98,158	\$19,187
c-Profits sale invest	\$67,473	\$47,275	\$28,723
d-Excluding gain or loss on investments, c-Carried to surplus	\$67,473	\$47,275	\$28,723

Balance sheet items follow:

	June 30, '57	June 30, '56	June 30, '55
Total assets	\$40,872,988	\$69,461,111	\$43,674,319
Cash	\$28,433	\$12,781	\$29,794
U. S. Govt. bonds	\$1,096,545	\$5,388,294	\$97,141
Other investments	\$37,743,010	\$51,650,036	\$13,577,184

Unrealized appreciation of investments as of June 30, 1957, amounted to \$20,404,878, as compared with \$22,769,781 on June 30, 1956 and \$18,799,446 on June 30, 1955.

## United Funds

UNITED FUNDS, INC., reports net assets of the four funds as follows:

	June 30, '57	June 30, '56	June 30, '55
UNITED INCOME FUND:			
Net assets per share	\$10.18	\$10.18	\$10.18
Net assets	\$181,262,527	\$181,262,527	\$181,262,527
Capital share	15,389,270	15,389,270	15,389,270
UNITED ACCUMULATIVE FUND:			
Net assets per share	\$11.55	\$11.55	\$11.55
Net assets	\$14,801,287	\$14,801,287	\$14,801,287
Capital share	12,533,538	12,533,538	12,533,538
UNITED SCIENCE FUND:			
Net assets per share	\$11.51	\$11.51	\$11.51
Net assets	\$14,608,357	\$14,608,357	\$14,608,357
Capital share	12,687,287	12,687,287	12,687,287
UNITED CONTINENTAL FUND:			
Net assets per share	\$8.21	\$8.21	\$8.21
Net assets	\$29,453,832	\$29,453,832	\$29,453,832
Capital share	3,586,346	3,586,346	3,586,346

## Ferro's Indicated Net Fell in Second Quarter Despite Rise in Sales

CLEVELAND—Ferro Corp.'s indicated earnings for the second quarter dropped to \$397,535, equal to 57 cents a share, from \$583,480, or 83 cents a share, in the like 1956 period, despite a slight rise in sales.

Indicated sales for the June quarter were \$13,996,933 compared with \$13,222,187 in the second quarter of 1956.

The company reported six months sales showed an increase of 6% from the first half last year, due to increased foreign volume and the effect of recent acquisitions. Earnings declined 33% from the 1956 period. R. A. Weaver, chairman, said.

Mr. Weaver, in his report to stockholders, pointed out that despite the drop in earnings in the first half, highly satisfactory progress was made in several areas of the company's business. Foreign sales, he noted, were pushed to high levels and a substantial expansion of the fiber glass division was completed in June. At the same time new corporate acquisitions were re-organized on a more efficient and productive basis and a consistent and encouraging improvement in the acceptance of agricultural machinery occurred, he added.

Mr. Weaver reported that an experimental plant for the production of zincum under license from Horizons Titanium Corp., in which Ferro has a 20% interest, was built by a subsidiary of Kennecott Copper Corp. and is about to start operations.

"With this progress and with a forecast improvement in the home appliance business, our last half results should show improved earnings," Mr. Weaver said.

FERRO CORP. and consolidated subsidiaries report for six months ended June 30:

	1957	1956
a-Earnings per share	\$1.37	\$1.88
Sales	\$13,996,933	\$13,222,187
Net before taxes	\$1,816,084	\$2,466,359
Federal income taxes	\$736,433	\$1,143,423
Net income	\$1,079,651	\$1,322,936

a-Based on both periods on 690,000 capital shares presently outstanding.

For the quarter ended March 31, last, Ferro Corp. reported net income of \$499,024, equal to 75 cents a share on 654,208 shares, compared with net income of \$715,454, or \$1.09 a share on a like number of shares, in the period ended March 31, 1956.

## Alan Wood Steel

ALAN WOOD STEEL CO. reports for quarter ended June 30:

	1957	1956
a-Earnings per common share	\$3.35	\$7.76
Sales	\$17,337,608	\$17,231,000
Net before taxes	\$267,000	\$298,000
Six months ended June 30		
a-Earnings per common share	\$1.17	\$1.44
Sales	\$34,367,000	\$34,367,000
Net before taxes	\$536,000	\$596,000

a-After preferred dividends and based in all periods on the 690,000 common shares outstanding June 30, 1957. b-After taxes and charges.

Harleston R. Wood, president, and J. T. Whiting, chairman, in a report to shareholders, said that net income did not keep pace with sales volume for a number of reasons. They cited continuing rising costs and curtailed operations due to enlargement of one of the company's two blast furnaces.

They said that enlargement of the company's No. 2 blast furnace is now almost complete and is expected to be in production shortly.

Alan Wood operated at 87 1/2% of rated ingot capacity in the first half, and Mr. Wood and Mr. Whiting said that following a vacation shutdown, the company is currently operating at about 84% of capacity.

## Reading Loadings Off 7.8%

PHILADELPHIA—Reading Co. reported carloadings for the week ended July 13 at 20,368 were off 7.8% from 22,108 cars loaded in the like year-ago week and 7.6% from 22,014 the week previous. Loadings for the year-to-date at 847,842 were down 8.3% from the \$16,274 cars loaded in the similar year-earlier interval, the road said.

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## MARINE MIDLAND CORPORATION

and its constituent banks and affiliate

Consolidated  
Balance Sheet  
as of  
June 30,  
1957



<b>ASSETS</b>	
Cash and due from banks	\$ 411,491,891
United States Government securities	422,201,740
State and municipal securities	96,963,961
Other bonds and securities	21,595,348
Loans and discounts	812,447,936
Mortgages	242,073,949
Bank premises and equipment	21,246,041
Customers' liability on acceptances	14,728,009
Accrued interest receivable	6,520,635
Other assets	2,636,530
<b>Total Assets</b>	<b>\$2,051,906,060</b>
<b>LIABILITIES</b>	
Deposits: Demand	\$1,267,396,237
Time	575,715,688
<b>Total</b>	<b>\$1,843,111,925</b>
Borrowed Money	2,500,000
Dividends payable	2,008,330
Liability on acceptances	14,947,497
Provision for taxes, interest, etc.	29,424,780
Other liabilities	5,839,035
Minority interest	2,491,606
<b>Capital Funds:</b>	
Convertible 4% Cumulative preferred stock (330,786 shares)	16,539,300
Common stock (\$5.00 par)	41,476,960
Surplus	94,704,862
Less—Common stock in treasury (1,138,235)	(1,138,235)
Applicable to 8,191,255 shares outstanding	\$ 135,043,587
<b>Total Capital Funds</b>	<b>\$ 151,582,887</b>
<b>Total Liabilities</b>	<b>\$2,051,906,060</b>

Valuation reserves have been applied to write down assets.  
THE MARINE MIDLAND BANKS ARE  
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of Southern New York



**The Financial Post**Canada's National Weekly of Business,  
Investment and Public Affairs

"Indian Lake Estates, the multi-million dollar luxury residential development, is well underway. Comprising about 7,000 acres, this development will have about 6,500 half-acre residential sites—the rest being devoted to palm-lined avenues and beaches, a modern club house, golf course and other recreational facilities. Close to famous beauty spots as Lake Wales and Cypress Gardens, it is in one of the most scenic areas on the continent."

**THE  
CHRISTIAN SCIENCE MONITOR**

"Mr. Ackerman brings to Indian Lake Estates the vision of an idealist combined with the get-up-and-go of a practical builder. He is here, there, and everywhere, directing, persuading, and energizing the crews that are gradually building the community into a pattern that the eye can follow."

**TOWN & COUNTRY  
MAGAZINE**

"A new private city is in the making . . . Indian Lake Estates in the beautiful lake and ridge section. From the palm-lined avenues to the wide beach fronting on the 15-square mile spring-fed lake, everything is being planned to make this one of the outstanding country club residential communities in the country."

**Miami Herald**

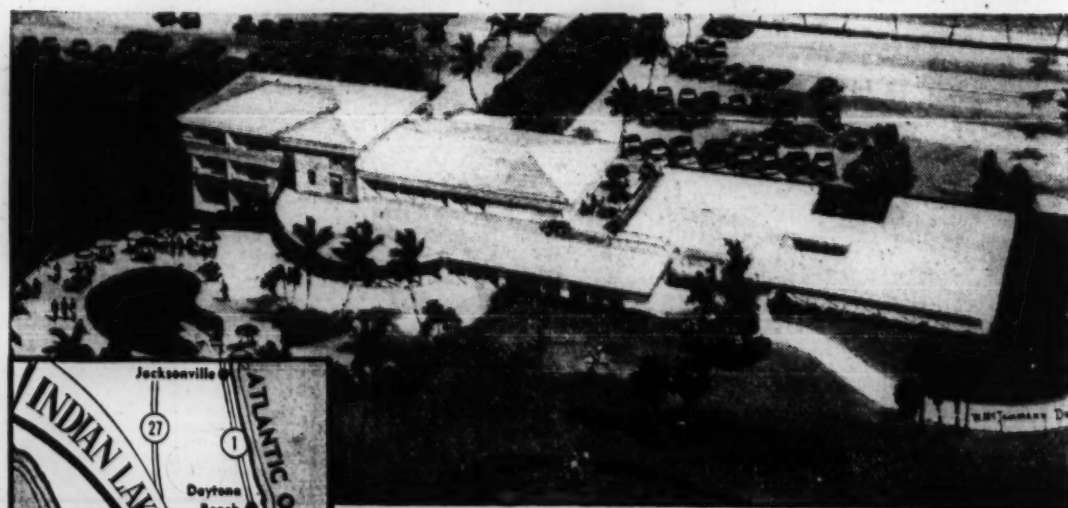
"A Florida development that is living up to its fanfare is Indian Lake Estates. Last July, The Herald carried a story about this heavily-advertised development. The verdict then: Indian Lake Estates was NOT in the wildcat and misleading mail-order pattern."



Actual Photograph: Indian Lake Estates' beautiful 15-square mile lake has a firm, sandy bottom sloping gently from the shore.



Actual Photograph: Indian Lake Estates' gate house at entrance to residential area. Personnel at gate entrances, on duty 24 hours, maintain complete privacy of the community. This also shows new mercury vapor street lights.



MONEY-BACK GUARANTEE: A 30-day money-back approval guarantee is given by Indian Lake Estates to allow for inspection of property.

Club House for Indian Lake Estates—construction is well underway. This spacious club house is adjacent to the 18-hole golf course (now under construction).

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CLUB COMMUNITY  
IN FLORIDA****INDIAN LAKE  
Estates**  
In South Central Florida  
18 MILES SOUTHEAST OF LAKE WALES

For the location of our private Country Club Community in Florida, we made a careful three-year survey of the State. We wanted a place in the "golden state of Florida" suitable for year-round living. For sheer beauty, delightful year-round climate, recreational opportunity, cultural advantages and sound investment, we are convinced that no other section has so much to offer. Indian Lake Estates has a gradual rising elevation from 64 to 115 feet, away from enervating humidity and the threat of hurricanes, yet close to both Ocean and Gulf.

Many, like ourselves, who have seen the entire State regard the highlands of South Central Florida as its most beautiful section. The rolling hills and picturesque lakes, in addition to their scenic beauty, provide natural air-conditioning. The location in the Ridge Section—with Florida's highest elevation—and midway between the Atlantic Ocean and the Gulf of Mexico, affords marvelous advantages. Add to that the magnificent 15-square mile, spring-fed lake on which Indian Lake Estates borders and you can see the unlimited recreational opportunities. When you visit Indian Lake Estates, you will see that there is a difference here in climate: higher, dryer, cooler in summer, warmer in winter.

Indian Lake Estates is an ideal place to live and expertly planned for discriminating people. Building plans must be approved by the Planning and Zoning Committee. All parks and street plantings will be well maintained. Personnel at the gate entrances to the property maintain the complete privacy of the community. At Indian Lake Estates you can enjoy suburban privacy with the conveniences of a metropolis. All features that will make for the maintenance of high property values and ideal living are carefully considered. Planned recreational activities are under the direction of Indian Lake Club Chairmen, who are expert in their fields and widely known for their accomplishments.

All property owners at Indian Lake Estates are members of the Indian Lake Club, whose approval is requisite for purchase. The wide variety of recreational facilities provided by Indian Lake Estates is for exclusive use of the club membership and their guests. Our 1,000-foot pier—the longest private pier in Florida—and Lake We-oh-ya-Kapka's wide, white sand beach fringed with coconut palms afford relaxing recreation in a beautiful setting. A magnificent, modern club house is now being built with an adjoining 18-hole golf course.

We are delighted when people come to Indian Lake Estates and tell us that they have compared our development with others in the fast-growing State. Great enthusiasm is shown for our unique plan of development and the unstinting outlay of money for improvements. So great has been the interest in this multi-million dollar development that it has attracted newspaper representatives from many states who have brought to their readers unbiased, on-the-scene reports of the continuing progress at Indian Lake Estates. Until you too have the opportunity for a personal visit, you might like to peruse our brochure which will be sent to you upon request . . . but, by all means, you will eventually want to see for yourself, by making your own personal visit to Indian Lake Estates.

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# REVIEW and OUTLOOK

## Shield for Mischief

Ten years ago Congress adopted the Armed Services Procurement Act which set up procedures for military spending designed to prevent waste and abuse of taxpayers' money. The act contained a provision for suspension of the required procedures whenever a President proclaimed a national emergency.

Among the provisions that could be suspended was the requirement that the armed services must publicly advertise for bids by all comers to fill its needs. In times of declared public danger negotiation with one or more firms was to be substituted for bids on the open market. The provision was a wise one, for in times of war or threat of war, the nation's great need for weapons should override considerations of cost where there is conflict between the two.

In 1950 President Truman declared a national emergency because of Korea and the Secretary of Defense substituted negotiation in armed services contracts for competitive bids, just as the law provided.

But, Chairman Hebert of the Special Investigating Subcommittee of the House Armed Services Committee points out in a recent report, "hostilities in Korea were terminated on July 27, 1953"—almost four years ago. And the military establishments are still "negotiating" instead of asking for bids because the Presidential proclamation of a national emergency on account of Korea has neither been modified nor revoked.

The result? Mr. Hebert's study shows that of nearly three million contracts concluded by the Army, Navy and Air Force during the first nine months of 1956 more than 92 percent were "negotiated" instead of awarded after competitive bidding. These contracts called for spending of \$13.8 billion.

This "negotiation" took place, the Subcommittee report shows, despite testimony on January 10, 1956, by the Deputy Assistant Secretary of Defense for Supply and Logistics that "we have no intention either of perpetuating the use of the authority beyond the time when it is no longer justified or of utilizing negotiation on a broader basis than the circumstances require." In the face of this promise the military continued the practice of negotiation. Mr. Hebert called this "a clear, flagrant and arrogant abuse of authority granted by Congress."

Negotiations also took rather unusual turns, Mr. Hebert disclosed. Part of the negotiation for eight guided missile destroyers was conducted by telephone by the Navy; in one Army contract, "a potential saving of \$1 million was thrown away" because somebody didn't ask the right questions during negotiations; the Air Force's Deputy Director of Procurement told the Subcommittee he liked negotiation because it was an "art" where meaning may be "conveyed by the blinking of an eye or the shading of a statement."

None of this, however, is the proper way to conduct the nation's public business. And none of these cases, the Congressman made plain, had anything to do with secret weapons.

Further, the Comptroller General has no authority to scrutinize contracts—or the manner in which they are conducted or determined—under the national emergency suspension provision still in effect. "We have bureaucracy let loose without any agency of the Government exercising any control," Mr. Hebert said.

That, naturally, is the way the military would prefer to operate and has, in fact, operated under Democratic as well as Republican Administrations. It is less burdensome to "negotiate" with two or three companies than to do business in the open market.

The Subcommittee is well aware that there are circumstances when secrecy, because of national security, is necessary in contracting. And negotiation is sometimes the only method, for in certain types of military hardware it would be fruitless to advertise for competitive bids; only one or two firms are equipped to supply the needs.

But certainly it is neither necessary nor wise to "negotiate" more than 90 percent of the military buying. For, as Mr. Hebert's committee points out, a system where the general public is not privy to what is going on can easily become a "shield for mischief."

## Testaments in Modern Dress

Biblical characters in modern dress were unveiled in the Anglican Church of Saint Mary the Virgin in Mansfield, Nottingham, England, the other day and the congregation had some mixed feelings about the paintings.

Some of the parishioners seemed troubled by the Nativity scene, where Joseph is depicted in a yellow sweater and Mary, kneeling over the crib, has hair styled in the way known as the "urchin." Others thought that to paint St. Peter in a gray flannel suit was going pretty far even for these advanced times. Some seemed bothered because the paintings were so different from the Italian school they were used to.

A great many of the great Italian religious paintings, however, used the dress that in those days was modern. And the main objective of the new look is to renew interest in the verities of the Testaments. Does it really matter that the old virtues are presented in modern dress?

In any case, the intention is to promote that return to religious precepts so many thoughtful people think is the real need of our rootless age. If it does, we have an idea that even the gray flannel publicists of Madison Avenue will say that the British pastor did good, like a good pastor should, even though a few people may criticize the way he did it.

## Extraordinary Behavior

The Democrats in Congress, who are highly annoyed at what they regard as the Republican Administration's attempts to steal their economy thunder, yesterday had Budget Director Brundage before the House Appropriations Committee.

Chairman Cannon wanted Mr. Brundage to explain the Administration's "extraordinary, unprecedented" action in sending out a directive asking Government agencies to try to limit this fiscal year's spending to about \$70 billion, or nearly \$2 billion less than the Administration proposed in its budget.

Some of the Democrats profess to see duplicity in this move; the Administration tells Congress it is going to spend a certain amount and then, without notifying Congress, sets itself a different spending goal. More to the point, as Mr. Cannon himself candidly observed, if the Administration reached its goal it could proclaim that it had saved a sizable amount of money appropriated by the Democratic-controlled Congress. Maybe the savings would even be enough to permit a G.O.P. tax cut next year—and 1958 is an election year.

Meantime it occurs to us that there is an extremely simple explanation for the "extraordinary" Brundage directive, so simple as hardly to require Mr. Brundage's journey to Capitol Hill. The answer to Mr. Cannon's question is merely that the Administration is trying, because the people are demanding it, to save some money; not as much as it should be, but some at least.

Still, when you think about it, Mr. Cannon is probably right. In this generation of Governmental gluttony, even an attempt to go on a diet is extraordinary behavior.

## Who's News

### Ben W. Heineman Resigns as Four Wheel Drive Chairman

CHICAGO—Ben W. Heineman resigned as board chairman and director of Four Wheel Drive Auto Co., Clintonville, Wis. The resignation is to be effective July 31.

Mr. Heineman, who also is chairman of Chicago & North Western Railway, said he is resigning because "North Western is so absorbing and requires so much time that it leaves me with no time for any other activity."

He served as chairman of Four Wheel Drive since 1954. The company makes heavy duty trucks.

Mr. Heineman was succeeded on the board by Franklin Lyons of Kenilworth, Ill. Mr. Lyons also is a director of Minneapolis & St. Louis Railway.

**Commerce and Industry**

Cutter-Hammer, Inc. (Milwaukee)—L. B. McKnight, president of Chain-Belt Co., was elected a director of this manufacturer of motor parts and electrical equipment.

Minerals & Chemicals Corp. of America (Menlo Park, N. J.)—Charles A. Specht was elected chairman, succeeding James Deshler II, who will serve on special assignments as chairman of the executive committee.

Loft Candy Corp. (Long Island City, N. Y.)—Samuel R. Kostick was elected a vice president.

Columbia Pictures Corp. (New York)—A.

# Letters To the Editor

## Our National Monument

Editor, The Wall Street Journal:

The article "Throttling Down" (July 2) quotes Defense Secretary Wilson as stating, "When you get a pinch on money you get more realistic about not going ahead with things you don't really need." Just a short time ago President Eisenhower pleaded that if a single dollar was trimmed from the defense budget it would endanger the national security, etc., and yet here is the Defense Secretary admitting that there are items in the defense budget that "we don't really need." Apparently the White House thinks that GOP stands for Grand Old Pentagon and will give carte blanche approval to anything it asks for.

Just how many other agencies, bureaus and departments of the Government are spending millions for "things we don't really need" should be closely scrutinized. As far as defense is concerned, with several hundred B-52 bombers loaded with H bombs and poised for ready action, the Strategic Air Command unquestionably has the ability to destroy any enemy, or the whole world for that matter, in just a few hours. Indeed, one wonders just how many things there are in the defense budget "that we don't really need."

If anyone in Washington is seriously interested in stopping inflation, the only way to do it is to stop spending billions for "things we don't really need" and to start reducing the national debt. In any economy, when the productive component can no longer support the non-productive parasitic component, something has to happen. The price inflation we are now witnessing in the face of decreased demand and tremendous productive capacity will lead to the "hair-curling" depression that Secretary Humphrey spoke of unless the parasitic component it is trying to support is reduced and the Government stops spending money on "things we don't really need." And as the productive component continues to turn down, the staggering national debt will loom bigger and bigger. In terms of gold at \$35 a troy ounce, this \$275 billion national debt is equal to a solid gold column one foot square and 84.7 miles high.

This is our national monument to continued, irresponsible government spending for "things we don't really need."

R. H. THELEMAN  
Palo Alto, Calif.

## Compulsion

Editor, The Wall Street Journal:

I see Walter Reuther is still hammering away in behalf of the civil rights bill in regard to integration. But if Reuther believed in civil rights he wouldn't be so fanatic toward compulsory unionism, because compulsory unionism violates civil rights very strongly. As I see it compulsory unionism is not the American way at all. I have thought for a long time that Reuther tries to be more of a politician than a union leader. The unions will have to quit supporting left-wing government before I join the union again voluntarily.

CRESS JOINER  
Talladega, Ala.

## Chickens and Farms

Editor, The Wall Street Journal:

Every feed manufacturer, feed dealer, hatcheryman or anybody who is connected with the poultry industry will read with great interest the story in the July 11 Wall Street Journal. In general I would say that Mr. Vicker did a good job which can't always be said about these popular articles.

You will undoubtedly receive many communications calling your attention to a statement by Mr. Vicker that "birds mature in about 90 days." It is barely possible that he had in mind the time from when the hatching eggs are put into the incubator. It takes 21 days to hatch the eggs and that on top of the actual growing-out time would be about 90 days. I doubt, however, if he had that in mind. Actually, broilers are sold, on the average, at less than ten weeks or 70 days. I am glancing at one of the auction reports from the Selbyville auction where over one million broilers were sold in one day and I would say the average age for the lots sold would be 67 or 68 days.

Mr. Vicker has touched on a very interesting and revolutionary development in agriculture. If it stops with broiler growing and turkey growing it will still be rather revolutionary, but some authorities seem to think it is going to get into most every type of livestock production.

Sometimes I wonder if broiler growing, as it is carried on today, is really agriculture. Millions of broilers are raised where the land involved is just enough to take care of the broiler houses and we have a mass production of poultry meat without any land operation at all as we normally think of agriculture. Certainly the changes in poultry production have been very great indeed.

LOYD S. RIFORD  
Cayuga, N. Y.

## Rise of Dictators

Editor, The Wall Street Journal:

Anent the current reports that Mr. Khrushchev is supported by Marshal Zhukov and the Red army, no great erudition is required to point out that Napoleon was launched on his career, "Le treize Vendémiaire," 1795, under somewhat similar circumstances. Called in by Barras and the Convention, Bonaparte's artillery, geometrically placed, as John H. Rose says, "tore away the heads of the opposing columns" in the streets north of Tuileries. Then there the Napoleonic Empire was born, unrecognized and unexpected.

Coming to our own times, we might look closely at events in Berlin in January, 1919, when a Communist uprising, dominated and led by the Spartacus League, demanded the dispersal of the Council of Peoples Deputies. The Council was obliged to call upon the Freikorps for aid, and after heavy street fighting the uprising was suppressed with the aid of artillery and armored cars. The sequel, as we all know, was the rise of Nazi Germany and Adolf Hitler, also wholly unexpected.

Today we do not know, of course, what is coming next in Russia, but we have good authority for saying that "that which has been is that which shall be," and who will say that all of us are not vitally concerned with what personality shall emerge.

OSBORNE MITCHELL  
Youngstown, Ohio

# London Marathon

## After All the Years of Disarmament Talks, the West Is Still Unable to Decipher Red Aims, If Any

BY WILLIAM HENRY CHAMBERLIN

LONDON—An old wisecrack about arm-limiting talks has it that the Soviet Union wants disarmament without control, while the United States stands for control without disarmament.

Certainly it is true that U. S. has insisted for years on a thorough-going security and inspection system as a condition of any arms limitation agreement. Soviet spokesmen, for their part, have preferred to extract propaganda value from sweeping professions of a desire to forbid and destroy nuclear weapons, while shying away from the practical difficulties of enforcing any such scheme.

Those positions are still generally in evidence in this fourth year that the United Nations' disarmament subcommittee—composed of representatives of the U. S., Britain, France, Canada and Russia—has been sitting in Lancaster House here in London. And whether this particular round quickly folds up or drags on to some partial agreement, no complete end of the negotiation marathon is in sight.

This year, to be sure, has found some change in atmosphere, in that both sides have appeared a little less rigid in their positions. Both U. S. Negotiator Harold Stassen (aided by an experienced State Department official, Julius Holmes) and Soviet representative Valerian Zorin have shown some give-and-take in their discussions.

### New Proposals

In addition to the idea of mutual aerial inspection, to which the U. S. has been committed since the 1955 "summit" meeting at Geneva, Mr. Stassen has proposed a cessation of nuclear tests for 10 months, a suspension of production of fissionable material and a reduction of the armed forces of the U. S. and the U.S.S.R. in three stages, to a minimum of 1.7 million each.

The Soviet delegate has agreed to the establishment of Western control posts on Soviet territory to check the cessation of nuclear tests, the Soviet Union obtaining the same right in the U. S. and Britain. The Soviets have also accepted in principle the idea of aerial inspection, although there is a wide gap between Soviet and Western views concerning the amount and location of territory to be open to inspection. The Soviet Union professes to favor a cut in the armed forces of the U. S., Russia and Red China to a figure between one million and a million and a half.

The Soviet government, however, has shown itself markedly allergic to the proposal for halting production of nuclear weapons, while at the same time calling for a stoppage of tests for two or three years. To enforce the stoppage of nuclear weapons and fissionable material production would require a degree of outside inspection of nuclear plants which would be most distasteful to a totalitarian state.

There might also well be an unfavorable U. S. reaction to Soviet inspectors, under the authority of the U. N., carrying out what might be called legalized espionage in American atomic installations. Yet any agreement for inspection and control would naturally have to be mutual and reciprocal.

A mood of discouragement swept over the talks this month, when Mr. Zorin took a definitely negative attitude toward the American proposals.

## Fairbanks-Morse Net Fell 30% in 2nd Quarter From Like 1956 Period

By a WALL STREET JOURNAL Staff Reporter

CHICAGO—Fairbanks, Morse & Co.'s second quarter net income dropped nearly 30% from the year-ago period on a sales decline of about 11%.

Nevertheless, this heavy equipment manufacturer was able to report an increase in net income for the first half to \$1,443,991 from \$1,310,557 for the like period ended June 30 last year despite a 4.5% lower net sales.

This was due primarily to a better first quarter this year than last. In addition, as Robert H. Morse, Jr., president, reported, the company had "more favorable price-cost relationships, improvement in expense control, and more selective concentration of sales in more profitable lines and product models."

Its second quarter net profit was \$783,484, or 73 cents per capital share on 1,073,215 outstanding. This compared with \$1,110,286, or 81 cents a share on 1,371,980 outstanding.

Mr. Morse said: "Currently, business shows

can proposals which Mr. Stassen had been presenting on an installment basis. True, ups and downs are characteristic of such prolonged and difficult negotiations, but in the last few days Soviet Boss Khrushchev and the Moscow press have been making noises which sound as though the Russians may be preparing to end this round of talks, blaming the U. S. for the failure.

What adds a further element of complexity is the special outlook of the principal European powers toward the subjects under discussion. Britain has successfully exploded its first hydrogen bomb. But this followed U. S. and Soviet detonations of that formidable weapon by years. British scientists would like to learn more about the properties of the bomb; and stopping the tests would represent a sacrifice in this connection.

### Dashing French Hopes

A general ban on tests would also mean that France could not hope to become a power with atomic armament. The French feel that they should have strong guarantees that nuclear disarmament is genuinely under way before consenting to such a renunciation.

West Germany is not a participant in the talks at Lancaster House, but there is close communication between the Western negotiators and German diplomats. The primary German concern is that there should be no agreement for European aerial inspection which would seem to imply acceptance of the partition of Germany.

Behind the maze of perplexing details involved in the negotiations is one question of overshadowing importance. What is the true purpose of the Soviet Union in the current negotiations? The optimists, among whom Mr. Stassen may be counted, hope that the Soviet rulers have been impressed by the self-defeating and destructive possibilities of the most powerful nuclear weapons and genuinely desire some abatement of the arms burden—especially because of their ambitious projects for industry and agriculture, which make heavy demands on manpower and capital resources.

The pessimists are inclined to fear that Soviet aims are primarily to divide and confuse the West, to block German rearmament, perhaps to achieve an agreement which they can evade and the West cannot. The recent political upheaval in Moscow and its possible sequel in the form of a new era of political purges make it still more difficult to decipher Soviet intentions.

### Common Ground

Despite all uncertainties, doubts and discouragements, it is common ground among the American and British negotiators that every effort should be made to test Soviet willingness to agree to at least to an armistice in the grim arms race. The very complexity of the subject makes it easier to carry on, because if a dead end is reached on one aspect of arms limitation another can be taken up.

But no matter how much one inquires among those concerned with the negotiations, it is impossible to obtain a clear answer as to when this process of testing will end, or what issue is considered decisive. Even if the present talks collapse, it is hardly likely that the arms limitation marathon will be anywhere near the end of the course.

encouraging signs of improving, and bookings for the second half of the year may well exceed those of the first half, with a correspondingly favorable effect on the year's earnings." At the same time he said that "new orders are being booked at a rate somewhat behind the record level of last year."

	1957	1956	1955
Earnings per share	\$1.73	\$1.81	\$1.88
Net sales	\$3,519,216	\$3,660,018	\$3,867,482
Profit before income taxes	1,632,484	2,310,286	2,553,633
Net income after taxes	783,484	1,110,286	1,087,033
Capital shares	1,073,215	1,371,980	1,254,715
Six months ended June 30			
Earnings per share	\$1.35	\$1.36	\$1.06
Net sales	\$5,157,722	\$4,308,500	\$7,052,142
Profit before income taxes	1,087,991	2,727,257	2,702,419
Net income after taxes	1,443,991	1,310,557	1,303,419

### Esso Standard Cuts Prices

NEW YORK—The Esso Standard Oil Co. cut the price of its heavy fuel oils along the East Coast, the company announced.

The cuts cover fuel oil grades Nos. 4, 5 and 6, will be applied against all levels of distribution, and will be posted northward from Charleston, S. C.

A company spokesman said the cuts involved a complex set of pricing factors including everything from the forces of supply and demand to tanker rates.

# PEPPER....and Salt

Two-Tone Job  
The summer sun is what I knew  
I'd get my first exposure to  
Caught in the open, wearing  
sleeves  
That leave a line that never  
leaves.  
—Philene Hammer.

### Experts

It's surprising how few experts in particular fields are actually engaged at working in that field.

For example, at coffee this morning I heard three groups of experts talking.

The first group consisted of three doctors from the medical-dental building down the street. One of them was saying: "Don't tell me what your lawyer said. I haven't the slightest faith in lawyers. Why any village idiot would know that is a wrong interpretation of the law."

At another table a judge and divorce lawyer were having a conference, and the lawyer was saying: "You're not taking me what you're saying, judge. I tried to take my little grandson's tonsils out just the same way. Why anyone with any medical grounding whatever should have recognized that the kid needed glasses, not a tonsillectomy."

On adjoining stools at the counter were two morticians and one was saying, with ges-



tures: "Manager? You call that guy a manager? Why he doesn't belong on a sandlot, much less trying to manage in the big leagues."

Myself, I don't fall into that silly trap. I'm thankful to say I stick strictly to my own line of business and never pretend I'm an expert at anything else. What's that? Would I call a doctor if I was sick? Listen, I've been living in this body of mine for 53 years now, and if I

don't know more about it than some hidebound pill-pusher, then I don't know my own name either.

—David Savage.

**Carefully Tagged**

"You'll have to handle this child very carefully," the child specialist said to the mother. "Remember, you're dealing with a sensitive, high-strung little stinker."

—L. & N. Magazine.

# Reading for Business

## Never Underestimate, Etc.

One upon a time it was a man's world and a woman's place was in the home. Now, as Womanpower, by the National Manpower Council (N. Y.: Columbia Univ. Press, \$5) reminds us, there's hardly a place in business, industry or the professions that's sacrosanct.

Women run newspapers, banks, and corporations. They handle baggage, work in railroad yards, and are teamsters and taxi-cab drivers. They are regular members of the armed forces. They work in grease pits and on assembly lines. They hold top posts in management. They are doctors, farmers, lawyers, C.P.A.'s, engineers, physicists, chemists, and real estate agents.

The word that best describes what has occurred in women's employment during the course of the 20th century is revolution. Today, one-third of American women aged 14 or over are in the labor force, and more than two-fifths—some 28 million—work in the course of a year. Almost two out of every five mothers whose children are of school age work. Three out of every 10 married women are in the labor force. The trend, moreover, is growing.

What does this mean to business, to women, and to the country? The National Manpower Council, a group of well-known and well-meaning businessmen, journalists, union officials, and educators, feels the invasion has not gone far enough and that there are opportunities for a still more effective utilization of womanpower.

The Council recommends that employers "hire, assign, train, and promote all individuals regardless of sex on the basis of their personal qualifications." Employers should review and gear their personnel policies to "the changes which have taken place in the education, skill, age composition, and work interests of women." Employers should experiment further with part-time and flexible work arrangements, so that they can draw upon "the potential supply of women who want to work, but are not available for regular, full-time employment."

Employers interviewed by the Council's staff noted, however, that while women are welcome recruits in the ranks of industry the working female of the species does provide occasional wrinkles for management's collective brow. In mixed work groups, for example, women frequently resent the male attention received by the attractive girl in pink overalls.

Some girls, a few employers were so bold as to observe, actually use the workshop for ulterior purposes—as a place to stalk the unwary bachelor. Still, as long as women thus continue to put marriage before a career, America may not develop an economic matriarchy after all.

Notes and comments on other books of special interest:

**Property Insurance** by S. S. Huebner and Kenneth Black Jr. (N. Y.: Appleton-Century, \$3.50). Though changes have been made in the insurance field, Emeritus Insurance Professor Huebner of the University of Pennsylvania and Insurance Professor Black of Georgia State wisely emphasize principles and concepts, which to a considerable extent perpetuate themselves. In this fully revised fourth edition of a classic originally published in 1911, the multiple-line trend is especially well covered, along with such standard topics as rates, carriers, fire, marine, auto, and miscellaneous forms of insurance.

**Office Equipment: Buy or Rent** by Robert N. Anthony and Samuel Schwartz (Boston: Management Analysis Center, \$15). A recent consent decree requires I.B.M. to sell as well as rent its equipment. Current I.B.M. users have between now and July 1, 1958, to decide whether to buy or continue renting all of their current equipment. The rent vs. buy problem will arise with any new equipment, too. The authors, both of the Harvard Business School faculty, present practical approaches for businessmen on how to make such decisions. For example, the relationship between trade-in allowance and age is noted for a Royal standard typewriter, a Marchant calculator, and a Remington Rand tabulator.

**Beat the Cost of Living with Vantage Stocks** by R. H. Weber and Thomas B. Meek (Larchmont, N. Y.: Business Reports, \$12.50). "If it were not for inflation," say the authors, "your investment problem would not be acute and this book would not have been written." The answer to inflation, according to Mr. Weber, an investment advisor, and Mr. Meek of Harris, Upham, is "vantage stocks"—that is, super-growth stocks. The authors provide seven tests for locating vantage stocks: management, research, growth, dividend policy, relative position, diversification, and institutional recognition.

**Your Family Without You** by N. R. Caine (N. Y.: Crown, \$3.95). Says Mr. Caine, a C.P.A. and financial writer: "There is no set, universal approach to your family's problems—your plan must be custom fitted . . . Your will is a cooperative duet between yourself and your lawyer." Mr. Caine competently discusses estate and inheritance taxes, life insurance, building property arrangements and the distribution of property, fitting legacies to beneficiaries, short term trust advantages, and the like.

—WILLIAM H. PETERSON

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## Avco Unit to Turn Out Parts for Prefab Gasoline Stations at Appliance Plant

By a WALL STREET JOURNAL Staff Reporter

NEW YORK—A division of Avco Manufacturing Corp. is going to turn its excess appliance capacity into production of parts for prefabricated roadside gasoline stations.

Avco's American Kitchen division will produce porcelain covered steel panels for the stations, and a light steel fabricator, Penn Metal Co. of Boston will turn out the structural steel frames for the buildings. Sales and all other arrangements for the prefabricated building shells will be under American Kitchen.

Once the stations are on a production basis, Curry W. Stoup, Avco vice president said, American Kitchens expects to expand the line to include prefabricated schools, roadside eating places and other buildings, all using porcelain-on-steel walls.

Representatives of nine leading oil companies are scheduled to look over the gasoline stations in the next two weeks, Mr. Stoup said. Market surveys have indicated \$40 million will be spent for prefabricated service stations in the next five years, mainly as a result of the new road building program, according to Mr. Stoup. He predicted Avco should get "at least 10% of the business and possibly as much as \$26 million" in the five-year period.

Company officials said the new venture has cost less than \$500,000 to develop to its present stage.

The steel panels, which are "hung" onto the structural frame of the building to form the outside walls, will be produced by American Kitchens at the Connersville, Ind., plant. They will be made on the same production lines used to turn out cabinet and appliance bodies. The panels measure two feet by four feet.

Avco officials are particularly attracted to the new product because the Connersville plant, which has 1,100,000 square feet of space, has been hard hit by the slump in appliance and kitchen cabinet sales and the sale of

Avco's Crosley and Bendix appliance businesses last year. American Kitchen since has been producing some appliances for other manufacturers.

Company officials said they studied many possibilities for use of the excess-appliance production facilities before deciding to turn out panels for service stations. Among the possibilities discarded was making vending machines.

A major advantage of the new prefabricated service station is its erection time, Avco officials said. It can be erected in one week, compared with 90 days or more for the usual cinder block and porcelain panel face construction. They estimate the prefabs will cost about the same as a similar size ordinary building—about \$15,000 for 1,400 square feet of space. The units will be erected by local crews supervised by Avco technicians.

The stations come without electrical, lighting and plumbing equipment and the specialized components such as pumps, tanks and air compressors, which are supplied by oil companies. American Kitchens is planning at first on mass orders, 500 or more for example, and won't sell individual units.

Only one model of station will be produced but since the plan is designed in essence "like a box," as one company official put it, each of whose parts is interchangeable, any size station can be built of the same components. The walls, called "curtain" construction, are two 18 gauge steel panels with an insulation filler between them.

According to Mr. Stoup, the use of architectural porcelain metal in construction has expanded from \$1 million sales in 1940 to an estimated \$25 million in 1953, and at least \$72 million sales are expected this year. The material has long been used to face service stations and their increase to an estimated 185,000 in 1956 indicated a good market for Avco's new product, he said.

## SEC Recesses Bellanca Quiz to Next Monday While Albert Is Sought

Agency Seeks to Serve Subpoena On Company President, Whose Whereabouts Is Unknown

WASHINGTON—Securities and Exchange Commission hearings on Bellanca Corp.'s recent financial affairs recessed for the remainder of the week in hopes Sydney L. Albert, president of the company, would answer a commission subpoena by next Monday.

Mr. Albert, central figure in Bellanca's complex financial dealings which the S.E.C. is tracing at the hearings, was supposed to show up at yesterday's session. Agency attorneys, however, reported subpoena servers had been unable to locate Mr. Albert, whose whereabouts remained a mystery at the hearings.

Frederick Moss of the S.E.C.'s corporate finance division said that Philip Albert, the Bellanca president's brother, told him last week Mr. Albert was en route to his home in Akron, Ohio. But according to Mr. Moss, Mr. Albert could not be reached in Akron this week. "We'd like to have him here," an S.E.C. lawyer declared, "if we can find him."

The hearings, which adjourned by agreement of both sides, were called by the commission to determine whether the New Castle, Del., company's stock should be delisted from the American Stock Exchange or suspended for 12 months. The S.E.C. alleges Bellanca filed incomplete reports with the agency on its transactions in 1953 and 1954 and falsified some other material it did submit.

In yesterday's session, Mr. Moss charged Mr. Albert, in engineering various stock acquisitions for Bellanca, kept the shares if a transaction was profitable and transferred them to the company if it appeared the deal would prove unprofitable. Mr. Moss cited Mr. Albert's purchase of stock in Morrison Brass

Ltd., a Canadian outfit that the Bellanca president told his directors he hoped to acquire for the company. According to the testimony, Bellanca never bought the Morrison Brass stock from Mr. Albert.

Mr. Moss also pointed to Mr. Albert's purchase for Bellanca of stock in Selby Shoe Co., Portsmouth, Ohio, in June, 1954, on which he asserted Bellanca lost an unspecified amount of money. Arthur K. Rothchild, Bellanca treasurer, testified the company sold some of its Selby Shoe stock during August, 1954, at about \$19.45 a share and the balance in September, 1954, at around \$13 each.

In addition, Mr. Moss contended, Bellanca went in the red on the acquisition of Big Tankers Corp., by a subsidiary, Oleum-Atlantic Corp. He said Bellanca had to parcel out the total of \$6,000 of its shares plus a \$25,000 fee as a result of the transaction. The finance division attorney further claimed Mr. Albert still held Big Tanker shares when minutes of an Oleum-Atlantic directors' meeting indicated he had transferred the stock to that company.

## Buffalo Forge

BUFFALO FORGE CO. and subsidiaries report for quarter ended May 31:

	1957	1956	1955
Earnings per share	8.80	8.62	8.46
Net before income tax	1,067,455	992,586	624,516
Net income after income tax	528,919	482,539	301,832
Capital shares	649,572	649,572	649,572

For the quarter ended February 28, last, Buffalo Forge reported net income of \$366,317, equal to 53 cents a share, compared with net income of \$227,975, or 30 cents per share, for the like 1956 period.

THE WALL STREET JOURNAL  
Wednesday, July 17, 1957

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## Eastern States Corp.

EASTERN STATES CORP. reports for six months ended June 30:

	1957	1956	1955
Total income	\$677,793	\$716,540	\$696,566
a-Net income	606,643	642,580	619,443

a-After expenses and federal taxes. b-Exclusive of \$27,416 net realized gain on investments.

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1905 Government Street  
**BIRMINGHAM**  
Bodine-Bryson & Rolling, Inc.  
719 South 20th Street

### CONNECTICUT

**HARTFORD**  
Thermo-Fax Sales of Connecticut, Inc.  
230 Park Road

### NEW HAVEN

Thermo-Fax Sales of Connecticut, Inc.  
58 Scott Street, Hamden

### D. C., WASHINGTON

Gallant, Incorporated  
261 Constitution Avenue

### FLORIDA

**JACKSONVILLE**  
Enfield's  
413 West Duval Street

### MIAMI

Enfield's  
1339 Biscayne Blvd.

### ORLANDO

The Lanier Company  
1217 N. Orange Ave.

### TALLAHASSEE

The Lanier Company  
101 Popper Building

### TAMPA

The Lanier Company  
4025 Henderson Blvd.

### GEORGIA

**ATLANTA**  
Ivan Allen Company  
59 Pryor Street, N. E.

### MARYLAND

**BALTIMORE**  
Gallant, Incorporated  
308 North Charles Street

### MASSACHUSETTS

**BOSTON**  
Spaulding-Moss Company  
185 Congress Street

### SPRINGFIELD

Spaulding-Moss Company  
297 Chestnut Street, Agawam

### WORCESTER

G. E. Stimpson Company, Inc.  
101 Pleasant Street

### NEW JERSEY

**NEWARK**  
Thermo-Fax Sales, Inc.  
52 Lince a Park

### NEW YORK

**ALBANY**  
Nichols Business Equipment, Inc.  
182 Washington Avenue

### BINGHAMTON

Business Methods, Inc.  
345 Main Street

### BUFFALO

Baneco Corporation  
118 West Chippewa St.

### LONG ISLAND

Thermo-Fax Sales, Inc.  
120-52 Queens Blvd.

### NEW YORK

Thermo-Fax Sales, Inc.  
1780 Broadway

95 Church St. (Wall Street Office)

### ROCHESTER

Business Methods, Inc.  
Div. of Rochester Stationery Co., Inc.

497 State Street

### SYRACUSE

Nichols Business Equipment, Inc.  
525 South Warren Street

### UTICA

Nichols Business Equipment, Inc.  
1907 Genesee Street

### WHITE PLAINS

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**CHARLOTTE**  
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Cavins Office Systems & Equip. Co.  
Carolina Theatre Building

### WINSTON-SALEM

Cooper D. Cass Co.  
433 West End Blvd.

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**ERIE**  
Royal E. Smith, Inc.  
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### HARRISBURG

Thermo-Fax Sales, Inc.  
3rd & State Streets

### PHILADELPHIA

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2216 Walnut Street

### PITTSBURGH

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## Hofmann Industries Sales, Net Topping 1956, Holders Told

SINKING SPRING, Pa.—Operations of Hofmann Industries, Inc., so far in its fiscal year which started May 1, are showing a continuation of the improvement evident in the previous fiscal year, Henry A. Hofmann, president, stated at the annual meeting.

Sales thus far in the new fiscal year are running about 11% ahead of the similar period a year ago, and net income is approximately 14% above the like period last year, Mr. Hofmann said. For the quarter ended July 31,

1956, the company reported sales of \$1,381,890 and net before taxes of \$110,373, equal to three cents a share on 3,272,500 shares outstanding. The company reported that, due to a tax carry-forward, there was no income tax liability in the first quarter of last year's fiscal period.

The company is a maker of welded steel tubing; a producer of grey iron castings at a wholly owned subsidiary; a manufacturer of household brooms and prefabricated doors, and is active in the chlorophyll field through a wholly owned division.

Mr. Hofmann expects sales during the rest of the current fiscal year will continue to show improvement over the preceding year, he stated.

## Chain, Mail Order Sales In June Rose 3.1% From Like Month Last Year

## Drug, Grocery Chains Posted Largest Gains, Survey of 46 Companies Shows

By a WALL STREET JOURNAL Staff Reporter  
NEW YORK—June sales of chain and mail order stores rose 3.1% from the like 1956 month, according to a Wall-Street Journal survey of 46 concerns.

Sales for the first six months of this year were 6.4% higher than for the same part of 1956.

Several categories of stores showed sales declines for the month although they posted gains for the six-month period. These include variety chains, men's wear and junior department stores. Drug chains showed the largest monthly gain, with an average rise in sales of 9.1% with grocery chains coming second on a gain of 9.0%. On the basis of six month sales, however, the pattern was reversed. Grocery chains posted a gain of 10.8% and drug stores 9.0%.

Sales of the 46 companies surveyed last month totaled \$1,465,171,405, up from \$1,420,787,325 in June, 1956. Sales for the first six months rose to \$7,961,193,992, from \$7,481,463,982 in the like period a year ago.

Percentage changes for June and the six months from a year earlier follow:

VARIETY:	June	6 mos.
F. W. Woolworth	-2.7	+2.2
S. S. Kresge	-1.6	+1.9
S. C. Murphy	-4.2	+2.8
J. J. Newberry	-2.1	+5.8
M. K. Kress	-10.4	-2.7
McKro's Stores	-3.7	+6.5
H. L. Green	-6.8	-0.4
McLellan Stores	-5.5	-1.8
Neuner Bros.	-5.5	+2.7
Rose's Stores	+7.9	+12.8
M. H. Fishman	-4.2	+2.2
Total	-2.9	+1.9

GROCERY:

Safeway Stores	+6.9	+12.9
Kroger	+11.3	+12.9
National Tea	+9.5	+4.4
Colonial	+1.5	+3.1
Jewel Tea	+6.8	+9.1
Grand Union	+10.7	+20.7
Win-Dixie	+2.4	+25.7
American Stores	+6.3	+15.5
Total	+9.9	+19.8

MAIL ORDER:

Sears, Roebuck	+2.1	+5.1
Montgomery Ward	-6.2	-0.9
Spiegel	-13.2	-
Total	+0.4	+3.3

WOMEN'S WEAR:

Mandel	+12.5	+18.5
Lerner	+3.3	+9.7
Grassano-Robinson	+2.5	+3.3
Lane Bryant	+1.5	+8.2
Miller-Wohl	+4.6	+0.5
Franklin Stores	+7.2	+6.2
Dian's Stores	+1.9	+8.4
Total	+5.3	+8.6

MEN'S WEAR:

Bond Stores	-2.1	+3.8
National Shirt Shops	0.5	+4.6
Total	-1.5	+3.9

SHOE:

Edison Bros.	+6.8	+11.4
McVittie Shoe	+0.2	+7.6
Shoe Corp.	+2.5	+7.5
A. S. Beck	+0.3	+4.7
G. R. Kinney	+4.9	+10.6
Total	+2.7	+8.7

HARD GOODS-AUTO:

Western Auto Supply	+2.2	+8.1
Gambles-Stogdins	+18.3	+1.7
Total	+6.2	+6.0

JUNIOR DEPARTMENT:

W. T. Grant	+1.5	+5.5
L. C. Penney	+3.9	+2.2
Marshall Field	+1.7	+3.3
Interstate Stores	-5.2	-2.1
Total	-2.1	+3.1

DRUG:

Walgreen	+10.3	+9.2
People's Drug	+5.2	+8.2
Total	+8.1	+8.0

FURNITURE:

Sterch	-9.4	+0.3
Total	-9.4	+0.3

More Clubs Sign Up For Trips, Build Boom For Travel Agencies

(Continued From First Page)

would be absolutely impossible for smaller groups. It is nothing for us to spend \$3,000 or \$4,000 for a dinner party and entertainment."

"When the tab is prorated over 250 to 400 people, they really get something for their \$10," he notes. "We line up our own entertainment, produce our own show, personally select the food for the menu and stage the whole event on the grounds of a private residence or private beach."

Engineers, Buddhists  
Quite a variety of club tours are booked to Hawaii this year. Among them are the Society of Mechanical Engineers, the San Bernardino Chamber of Commerce, the Commonwealth Club of Peppercorn, Mass., the Young Buddhists Association, the Imperial Shrine Hawaiian Pilgrimage and the Berkeley (Calif.) Women's City Club. Some of the business and professional groups also will hold conventions in the islands, thus affording members the opportunity of writing off part of the cost as an income tax deduction.

Business concerns also are finding the lure of travel abroad an enticing incentive for employees. With their companies footing the bills, dealers and employees of such outfits as American Motors, General Electric, Philco, Westinghouse and Chevrolet division of General Motors Corp. will be heading across the Pacific this year. In Los Angeles, a company is offering free trips to Hawaii for top salesmen of its cemetery plots.

Some employees organize their own trips. For example, the Vacation Club of Friden Calculating Machine Co., San Leandro, Calif., will visit the islands this year. Helping make such a mass movement possible is the company's policy of shutting down entirely each summer for two weeks while all employees vacation at once. And last summer 200 women from Ford Motor Co. toured Hawaii under the direction of their industrial relations department.

Adams Express  
ADAMS EXPRESS CO. reports net assets:

	June 30, '57	Mar. 31, '57	June 30, '56
Net assets per share	\$1,350.00	\$1,350.00	\$1,350.00
Net assets	\$9,000,000	\$9,000,000	\$9,000,000
Capital assets	\$1,772,727	\$1,772,727	\$1,772,727

a-Based on market or fair value as determined by the board of directors. b-After payment on June 27, 1957, of a capital dividend of 35 cents a share.

Income for six months ended June 30:

	1957	1956
b-Net income	\$1,254,595	\$1,469,495
c-Net gain sale invest.	1,350,000	825,810
d-After taxes and charges, but exclusive of security transactions.	c-Transferred to surplus.	

Balance sheet items follow:

	June 30, '57	June 30, '56	June 30, '55
Total assets	\$9,767,347	\$10,106,772	\$77,308,751
Current assets	\$6,100,000	\$6,100,000	\$6,100,000
U.S. Govt. secur.	\$3,617,297	\$3,617,297	\$3,617,297
Other investments	\$2,778,144	\$2,778,144	\$2,778,144

c-Unrealized appreciation as of June 30, 1957, amounted to \$47,716,202, as compared with \$81,323,144 on June 30, 1956 and \$40,000,944 on June 30, 1955.

Classified THE MART Advertising  
NATIONAL BUSINESS EXCHANGE FOR PERSONNEL, PRODUCTS, SERVICES, AND IDEAS

## Employers and Employees Meeting Place

POSITIONS AVAILABLE—MALE

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## Continental Can's Net Fell Slightly But Sales Rose in Second Quarter

Half-Year Profits Trained '56; Gen. Clay, However, Predicts '57 Earnings Will Top Last Year's

By a WALL STREET JOURNAL Staff Reporter

NEW YORK—Net income of Continental Can Co. for the three months ended June 30 fell to \$12,282,000, or \$1.06 a share, from \$12,759,000, equal to \$1.11 a share, in last year's second quarter. Gen. Lucius D. Clay, chairman, reported. Sales and operating revenues for the quarter rose to \$271,092,000 from \$263,814,000.

For the first half ended June 30, Continental's earnings totaled \$19,575,000, or \$1.68 a share, on sales of \$492,617,000. This compared with net profit in last year's first six months of \$20,561,000, equal to \$1.77 a share, on sales of \$479,372,000.

The figures for last year's first half have been adjusted to reflect the mergers last year with Hazel-Atlas Glass Co. and Robert Glass Co., which were merged with Continental Can Co. during the last quarter of the year.

American European Securities

AMERICAN EUROPEAN SECURITIES CO. reports the following net assets:

	June 30, '57	Mar. 31, '57	June 30, '56
Net assets per com. share	\$11.28	\$10.95	\$10.46
a-Net assets	18,969,057	18,094,837	18,247,343
Common shares	1,683,773	1,653,773	1,740,373

Based on market quotations.

Statement of income for six months ended June 30:

	1957	1956	1955
a-Net inc. from invest.	\$187,798	\$206,945	\$189,376
b-Profit sale securities	1,112,848	792,797	683,992
c-After expenses and taxes, but exclusive of results of security transactions	1,300,646	1,000,000	873,368
d-Carried to surplus account	1,300,646	1,000,000	873,368

Investment account follows:

	June 30, '57	June 30, '56	June 30, '55
Securities at cost	\$8,127,284	\$7,812,881	\$5,138,482
Market value of secur.	18,919,353	18,560,534	14,839,537

OFFICE RECORD STORAGE WAREHOUSES  
New York, Newburgh, Long Island, New Jersey  
CALL N.Y.C. MAIN OFFICE WA 4-0990

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OFFICE RECORD STORAGE WAREHOUSES  
New York, Newburgh, Long Island, New Jersey  
CALL N.Y.C. MAIN OFFICE WA 4-0990

Nickel Plate

NEW YORK, CHICAGO & ST. LOUIS RAILROAD

REPORTS:

	1957	1956	1955
a-Earn per com. share	\$1.87	\$2.03	\$1.69
June gross	11,110,481	11,617,021	14,079,321
Net operating income	1,430,794	1,784,383	2,071,538
b-Net income	1,013,594	1,333,573	1,434,472
Six months gross	26,501,089	27,561,615	36,880,619
Net operating income	9,469,790	11,054,792	10,077,299
b-Net income	6,847,524	8,228,769	7,382,630
Common shares	4,118,584	4,102,420	4,400,628

a-For six months ended June 30. b-After taxes and charges, but before sinking fund appropriations. c-Adjusted to reflect two-for-one stock split in May, 1956. d-After dividend requirements on preferred stock then outstanding.

Rohm & Haas Co.

ROHM & HAAS CO. reports for quarter ended June 30:

	1957	1956
a-Earned per com. share	\$3.94	\$3.36
Sales	26,953,000	21,853,000
Net before taxes	8,632,000	8,150,000
Net income after taxes	4,176,000	3,500,000
Common shares	1,042,365	1,012,011

Six months ended June 30:

	1957	1956
a-Earned per com. share	\$7.33	\$6.47
Sales	50,888,000	42,388,000
Net before taxes	17,858,000	17,688,000
Net income after taxes	8,376,000	7,788,000

a-After preferred dividend requirements. b-Adjusted to reflect 3% stock dividend in December, 1956.

## Prominent west coast company seeks commercial manufacturing opportunities

Here's an opportunity for manufacturers of nationally distributed products to enjoy the advantages of a branch factory to serve the growing West Coast market.

A reputable California firm is seeking to diversify its manufacturing operations. This company is centrally located and has experience in electronics and electrical manufacturing, sheet metal fabrication, assembly and sub-assembly operations, metal processing and plating, anodizing, heat treating, hydraulics, and plastics. Present operations cover over 400,000 square feet of floor space. An experienced engineering department and trained personnel make it possible for this firm to become the West Coast manufacturer for a variety of commercial products.

Low operating cost of less than \$5 an hour is particularly attractive for any commercial product adaptable to present plant capabilities.

For direct contact and complete information, Write Box 142-U, The Wall Street Journal, 2999 W. 6th St., Los Angeles 5, California.

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Every detail handled for you from the moment you or your group think of a pool up to the happy moment of the first swift, cool plunge. Write for brochure describing the National "pre-stressed" pool, plus the engineering and designing services offered by National Pool Equipment Company. Only National offers a "complete package" to your city or club.

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A limited number of exclusive franchises are available. Write on your letterhead for descriptive literature telling of the many organizational and selling helps that National Pool Equipment Company offers to aid you in capitalizing on this five hundred million dollar market.

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High production plant with \$150,000 tax loss carry-over has been completely renovated (products management, production) into profitable operation. Volume \$400,000, producing garden tools, furniture and equipment parts.

- High productivity, no union, low cost labor area.
- Low cost facilities, expansion no problem.
- Located in center of hardwood area.
- Equipped to provide furniture finishes, can compete nationally on dimension.

Ideal location and facilities for company seeking lower costs and good labor supply. (Requires \$50,000 cash investment).

BOX 58-191, THE WALL STREET JOURNAL  
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Long Established Food Processing Business Catering to—Wholesale and Retail Trade Raw Material Suppliers to Manufacturers of Nationally Advertised Brands New Chain Store Food Item Successfully Launched

**\$650,000.00**  
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Box 142-193, The Wall Street Journal  
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Wholesale Supply Company—Net Worth over \$200,000; net current \$250,000; sales \$2,750,000; net \$108,000; liberal officers' salaries. Rapidly growing southern industrial city. Sell or merge. President retiring. Responsible inquiries solicited.

Box A-90, The Wall Street Journal

**FOR SALE**

Business, two exceptional large tractor agencies plus several exclusive ones, doing more than \$200,000—Can be increased—Inventory plus—Well lease buildings in Eastern N. Y.

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2 Seta Calender Rolls, 62" width, 20" dia. rolls, max. opening 3" Sweden Double Effect Evaporator, 4' 5" x 6' 0"

Have Industries  
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CANADA—ELECTRONICS

W. S. Mfg.—make more money—have 1000's have your products assembled and packaged in Canada.

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**Beechcraft Industrial Airplanes**

**Twin-Engine Model D18S**

Six to choose from, all well equipped. All owned by Southern Airways. Available for inspection Atlanta Airport. Demonstrations elsewhere on request.

For full information write or phone  
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Birmingham, Ala. Tel. 4-5802

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Howard Aero, Inc., P. O. Box 8247, San Antonio, Texas. Phone 543-7474-2411.

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Magnificent modern year-round estate breath-taking view. Complete privacy 3 1/2 level acres fenced 600 feet lakefront peninsula including sandy beach Residence oil steam heat 10 rooms 4 master bedrooms 2 baths 2 lavatories 4 car detached garage 2 servants rooms lavatory Auxiliary power plant Boat-house Guest Cottage 2 bedrooms 2 baths living room fireplace kitchen 1 boat slips electric hot 2 boat piers 75 feet length Putting green 3 Golf Clubs nearby Boston 18 miles Airport 25 miles Exceptional buy at \$17,500 furnished.

John H. Becker  
Woburn, N. H. Tel. 447  
Or your own Broker

**REAL ESTATE FOR SALE**

Long Beach Island, Long Beach, Calif. \$1,000 up. 1200 year rent. 25 miles south Napa at Ship Channel Cays or beginning of Ektamas. Boat plane service. Construction arranged.

G. S. Groves  
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**GOOD INVESTMENT**

Modern one-story office building located growing section downtown Pensacola completely rented to six tenants under written lease. Tenants responsible for own utilities and maintenance. Gross income \$21,800. Expenses including mortgage interest, insurance and taxes \$17,454. Sale price \$100,000. Present first mortgage balance \$91,200 at 4 1/2% with eighteen years to pay. Can be refinanced for larger sum if desired.

Fisher & Hepler, Attorneys  
Box 548, Pensacola, Florida

**EXECUTIVE OFFER SAN FRANCISCO BAY AREA HOME**

In beautiful Marin—a modern—4 bedrooms, 2 1/2 baths, rumpus room, 2 patios—mud's quarters. Family comfort. Owner will help finance. Free Brochure available. \$62,500.

Nipper and Marchant, Realtors  
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I represent principals who are looking for real estate or business investments of merit where entire earnings are derived from countries outside U. S. A.

BOX 83-U  
The Wall Street Journal  
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**1-STORY BRICK BLDG.**  
162,000 sq. ft. on plot 1 1/2 acres  
SEBRING, OHIO (adj. to Alliance, Ohio)

**RENT 33c sq. ft.**

**SALE PRICE LESS THAN \$1 sq. ft.**

on main line railroad  
2 railroad sidings

Distances to and from Sebring:

Cleveland	85 miles	Akron	20 miles
Pittsburgh	78 miles	Canton	18 miles
Altoona	17 miles	Youngstown	34 miles

Brokers cooperation fee \$1000

Contact attorney **SAMUEL MORGANROTH**  
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**OFFICE SPACE IN BALTIMORE, MD.**

40,000 SQ. FT. ON 4 CONTIGUOUS FLOORS  
Units of 450 sq. ft. to 9100 sq. ft.  
Occupancy March, 1958

**STANDARD OIL BUILDING St. Paul & E. Franklin**  
BROKERS COOPERATION INVITED

Inquire Seymour Young

- Modern Offices
- Completely Air-Conditioned
- Light on 4 Sides (4 street frontages)
- Fluorescent Lighting
- Parking Facilities Available
- Will Divide To Suit

**Glickman Corporation**  
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**BAHAMA ISLANDS**

Several small islands. Ninety years lease. \$1,000 up. 1200 year rent. 25 miles south Napa at Ship Channel Cays or beginning of Ektamas. Boat plane service. Construction arranged.

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Contact nearest office:

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**CAPITOL GAINS**

We are a direct to consumer selling organization handling our own exclusive line of products in order to expand more rapidly we need revolving line of credit up to \$1,000,000. Participants will receive fair interest rates together with stock options that offer excellent capital gains. Money will be well secured. For further information write:

Genie Craft Corp.  
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**OPERATING CAPITAL DESIRABLE**

Established well equipped construction company presently engaged in the construction of large commercial and industrial buildings in the heart of Florida's active West Coast area. Expansion of present operations requires additional capital. Past earnings substantial. Operations presently cover 100 mile radius.

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For Sale Successful China Glass Giftware Restaurant Hotel club supply company. Established in 1945 in one of the fastest growing communities in California. Assured of a steady and permanent payroll. We are located in State Capital, Sacramento, California. Grossed Approx. \$285,000 last year can be tripled. Long lease at 6, 10, 15-year option no increase lease. Positively no financial statement mailed unless you are interested and will take your time to investigate. Approx. \$100,000 in good clean inventory is all we are asking. If you are not financially able do not waste our time. Any reasonable offer accepted.

Sacramento Glass & Crockery Co.  
Attn: Mr. B. E. Wood  
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**INFLATABLE PLASTICS PRODUCTS PLANT**

Complete machinery and equipment installation located in Yonkers for immediate manufacture of inflatable plastic products. 1-22 KW heat sealing generators, presses and all other necessary equipment. Plant recently discontinued operation. All equipment in usable condition. Will sell for fraction of original cost. CI 5-8246.



Interest exempt from all present Federal Income Taxes  
We offer, subject to prior sale

**\$300,000**  
City of  
Los Angeles, Cal.  
Department of Water and Power  
1½% Electric Revenue Bonds  
Due April 1, 1960  
To yield 3.30%\*

\*Equivalent to a net tax exempt return of approximately 2.83% after payment of 33% Federal Capital Gains Tax.  
Rated "Aaa" by Moody's Investors Service  
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### Tax-Exempts

## Philadelphia \$12 Million School District Bonds Sold at 3.549% Rate

By a WALL STREET JOURNAL Staff Reporter  
PHILADELPHIA—A syndicate led by First National City Bank of New York and Halsey, Stuart & Co., Inc., submitted the best bid on \$12 million Philadelphia, Pa., School District bonds.

The bonds, maturing 1959 to 1962, were won by a bid of 100.05 with coupons listed at 4½%, 3½% and 3¼%, with a net interest rate of 3.549%.

Subject to award, the bonds were reoffered priced to yield 2.60% to 3.60%.

Fifteen months ago Philadelphia School District sold another \$12 million issue of bonds for an interest cost of 2.877%. At that time the Dow-Jones municipal index stood at 2.72% against this week's 3.39%.

## Chase Manhattan Group Awarded \$15,465,000 Atlanta, Ga., Bond Issue

Special to THE WALL STREET JOURNAL  
ATLANTA—Chase Manhattan Bank and associates were awarded \$15,465,000 Atlanta, Ga., various purpose bonds, maturing 1958 through 1962.

With the coupon rate fixed at 3¼%, the group offered a dollar bid of \$8,227.6. The bonds were reoffered priced to yield 2.40% to 3.45%. Late yesterday response to the reoffering was reported "good."

In August, 1954, Atlanta paid a net interest cost of 2.04007% on a similar \$10 million bond issue. The Dow-Jones municipal bond index then read 2.24%, compared with this week's 3.39%.

Proceeds of the issue will be used for both city improvements and school construction in Atlanta.

## First National City Group Buys \$12 Million Minnesota Road Issue

Special to THE WALL STREET JOURNAL  
ST. PAUL—Minnesota State Trunk Highway bonds totaling \$12,000,000 were sold to a group managed by First National City Bank of New York. The bonds mature 1960 to 1973.

The syndicate bid 100.0599 for a 2.90% coupon with a net interest cost of 2.894%. The reoffering was scaled to yield 2.40% to 2.90%.

The last issue of Minnesota State Trunk Highway bonds in May, 1956, was sold at an interest rate of 2.2328%, when the Dow-Jones municipal index stood at 2.85% compared to its present 3.39%.

Further highway construction in the state will be financed by proceeds from the bond issue.

**New York Air Brake**  
NEW YORK AIR BRAKE CO.: Consolidated report for six months ended June 30:

	1957	1956	1955
Earnings per share	\$1.82	\$1.50	\$1.10
Net before income taxes	25,577,718	26,398,373	18,762,637
Net income after taxes	1,820,573	1,453,838	1,078,533
Net income after taxes	1,326,573	1,162,538	850,733
Capital shares	730,141	729,741	728,441

For the quarter ended March 31, 1957, New York Air Brake reported net income of \$648,638, equal to 89 cents a share, compared with net income of \$599,989, or 83 cents a share, in the like 1956 period.

### Prices of Recent Securities Issues

The original offering price and Street market are indicated below for recent issues of selected securities that are not listed on a principal exchange.

UTILITY BONDS			
Issues:	Offering Price	Bid	Asked
Boston Edison 4½% '87	101.55	103½	103%
Con Natl Gas 4½% '82	101.085	105	106
Del P & L 5% '87	101.15	104	104½
Georgia Power 5½% '87	102.29	104½	105
Gen'l Teleph 5% '87	100	103	103½
Inter Power 5% '87	100	101	102
Met Ed 4½% '87	101½	101½	101½
Mich Cn Gas 4½% '82	103.216	108	108½
Mich Wsc Pl 6½% '77	102.889	103½	103½
Nat'l Fuel G 5½% '82	101.363	104½	105½
N Y Teleph 4½% '91	101.735	100½	100%
Nor Sta Pow 4½% '87	100	99½	99½
Puget S P & L 6½% '87	103.459	105½	106½
Sou Bell Tele 5% '86	102.32	106½	106½
Sou Cal Edis 4½% '81	100.73	101½	101½
Sou Cal Gas 5½% '83	101.807	103½	104½
Tennessee G 5½% '77	100	102½	103½

OTHER BONDS			
Issues:	Offering Price	Bid	Asked
Chance Vght 5½% '77	100	97½	98½
Trans Contn 5% '77	101.63	97½	98

PREFERRED STOCKS			
Issues:	Offering Price	Bid	Asked
Kaiser Alum 4.75% 100½	104½	108	

## Financing Business

### Nationwide Group Wins \$50 Million Issue Of Inland Steel Co.

Bonds Quickly Spoken For; Funds Will Go Into \$280 Million Construction Program

By a WALL STREET JOURNAL Staff Reporter  
NEW YORK—Inland Steel Co.'s \$50 million of first mortgage 4½% bonds were quickly spoken for by investors—after the big issue became effective at the Securities and Exchange Commission.

A nationwide group of 103 underwriters led by Kuhn, Loeb & Co. tagged the series K securities due July 1, 1987, at par.

Inland Steel will put the net proceeds into its construction and improvement program, which calls for an expenditure of approximately \$280 million during the three-year period ending December 31, 1958.

The new 4½% will not be redeemable as a whole prior to July 1, 1967. Their mandatory sinking fund calls for \$1,500,000 principal amount of bonds on each July 1 from 1960 through 1966.

The company at its option may redeem an additional \$1,500,000 of bonds in each of these years.

The nation's eighth largest steel producer, Inland as of the 1956 year-end counted its assets at more than \$572 million. Its principal facilities are at Indiana Harbor, Ind.

### Molybdenum Corp. Plans to Offer Holders Warrants, New Shares

Terms Would Be One Share and One Warrant for Each Seven Shares Now Held

By a WALL STREET JOURNAL Staff Reporter  
NEW YORK—Molybdenum Corp. of America announced stockholders will receive rights allowing them to purchase one share of common stock and one warrant at a special offering price for each seven shares held.

There are 1,378,962 common shares currently outstanding. Each warrant will enable the holder to buy another share of stock over a period of time and at a price yet to be determined.

The sale will provide capital for current and future expansion.

Molybdenum Corp. will file a registration statement with the Securities and Exchange Commission, after which rights will be distributed. The record date for eligibility of holders will be the fifth day following the effective date of registration.

At current market levels, gross value of the offering would be about \$6,500,000. Combined price of the stock and warrants, however, will be fixed at up to 15% lower than prevailing market level the day before the price is sent to the S.E.C.

### Jersey Central Power \$15 Million Bond Issue Sold at 4.965% Cost

By a WALL STREET JOURNAL Staff Reporter  
NEW YORK—White, Weld & Co. and associates topped four other accounts in the bidding for Jersey Central Power & Light Co.'s \$15 million of first mortgage bonds.

The group's successful bid—100.57 for a 5% coupon—gave the Asbury Park utility a borrowing cost of 4.965%.

All four runner-up bids for the 30-year securities named a 5¼% coupon. They came from: Kidder, Peabody & Co., 101.5399; Halsey, Stuart & Co., Inc., 101.21; Eastman Dillon, Un-

### Raytheon Says It Has Developed Device That Surpasses Transistor

Tiny Instrument Called Spacistor Works at Higher Frequencies, Temperatures, Concern Says

By a WALL STREET JOURNAL Staff Reporter  
NEW YORK — Raytheon Manufacturing Corp. announced it has developed a semiconductor that combines many of the electrical operating advantages of the vacuum tube with the compactness of a transistor.

Still three to five years from production, the new product, called a Spacistor, is about the size of the head of a match. To date only about seven of the tiny instruments have been made with tests run at low frequencies using a germanium crystal.

Scientists at Raytheon expect that the new electronic product will find its greatest application replacing vacuum tubes and transistors in the rocket and guided missile fields where electronic instruments operate at high temperatures and high frequencies. They will also find use, the company said, in television and radar sets and communication instruments which carry high frequency signals.

At a press conference here a Raytheon physicist predicted that the Spacistor when developed with such heat resistant materials as silicon carbide, will handle frequencies up to 10,000 megacycles and operate at temperatures up to 800 degrees centigrade.

Present transistors produced by the company will carry frequencies up to 500 megacycles and will not operate effectively above 200 degrees centigrade.

Since the new product is still in the development stage, the Raytheon researcher would not predict the likely price of the Spacistor when marketed. Dr. Harry Letaw, a member of the Raytheon research staff, said, however, "I see nothing in the Spacistor that makes it intrinsically more expensive than transistors."

The Spacistor, like the transistor, requires comparatively small amounts of power, no strategic materials and has an almost unlimited life since there is no filament to heat or burn out, the company said.

### Minneapolis-Honeywell Offers Holders 331,237 Shares at \$85 Each

By a WALL STREET JOURNAL Staff Reporter  
MINNEAPOLIS—Stockholders of Minneapolis-Honeywell Regulator Co. are being offered 331,237 additional shares of common stock for purchase at \$85 a share—a total of \$28,155,145. Subscription rights for the new stock were issued on the basis of one new share for each 20 held on July 18.

Rights for the shares expire August 1 with any unsubscribed stock to be underwritten by an investment group headed by Eastman Dillon, Union Securities & Co.

Proceeds from the financing will be used to reduce outstanding bank loans and for expansion purposes.

### Spiegel Places \$25 Million In 5¼% Notes Due July, '72

CHICAGO—Spiegel, Inc., will receive \$25 million within two years from an issue of 5¼% notes placed with an institutional investor through Wertheim & Co. The notes mature July 1, 1972.

M. J. Spiegel, chairman of the mail order company, said the money "will provide working capital for the aggressive expansion of our mail order business through all the tested forms of mail order distribution." Spiegel has under way an expansion program for its catalog order offices, first announced two years ago.

### Duke Power Seeks Permit To Issue \$50 Million of Liens

WASHINGTON—Duke Power Co., Charlotte, N. C., asked the Federal Power Commission for authority to issue \$50 million of 25-year debentures.

The company said the debentures would be sold at competitive bidding, with the proceeds used to pay for its construction program. Duke furnishes electricity to 36 counties in North Carolina and 14 counties in South Carolina.

### Oxford Paper Offers 175,000 Shares at \$38.25 Each

NEW YORK—Public offering of 175,000 shares (\$6,663,750) of Oxford Paper Co. stock is on the market at a price of \$38.25 a share through Blyth & Co., Inc., and associates.

Proceeds of the sale will be used to prepay \$4 million of bank notes and help finance the concern's 1957-58 capital improvement program.

At the close of 1956, the company reported assets of more than \$60 million.

### Mercant Corp. Offering

NEW YORK—Mercant Corp. has set a price of \$4.25 a share on its proposed offering of 420,778 shares (\$1,788,306) of common stock. Stockholders of record July 18—or such later date as the registration statement with the Securities and Exchange Commission becomes effective—may purchase two new shares for each three held.

Norfolk & Western  
PHILADELPHIA—Norfolk & Western Railway will open bids here at noon, July 31, on \$4,320,000 of equipment certificates. The certificates, maturing semi-annually until June, 1972, will provide 75% of the cost of a hopper car purchase.

### Money Rates

NEW YORK — Bankers acceptance rates on 30-90 day bills were quoted 3¼% to 3½%, 120 day bills are 3½% to 3¾% and the 180 day bills 3¾% to 3½%.

Federal funds bid at 2 15-16%, offered at 3%. Call money lent dealers on bills and Treasury was quoted at 4%.

Call money on stock exchange collateral was 4½% to 4¾%.

Commercial paper sold through dealers four to six months maturity was 2½% to 4¼%. Commercial paper placed directly by the major finance companies one to nine months maturity was 3½% to 4%.

### This is not an offering of these shares for sale, or an offer to buy, or a solicitation of an offer to buy, any of such shares. The offering is made only by the prospectus.

175,000 Shares  
Oxford Paper Company  
Common Stock  
(\$15 Par Value)

Price \$38.25 per share

Copies of the prospectus may be obtained from the undersigned.

Blyth & Co., Inc.

Glore, Forgan & Co.

Merrill Lynch, Pierce, Fenner & Beane

Hayden, Stone & Co.

Lee Higginson Corporation

Paine, Webber, Jackson & Curtis

July 17, 1957.

White, Weld & Co.

Smith, Barney & Co.

Hornblower & Weeks

F. S. Moseley & Co.

Dean Witter & Co.

Wertheim & Co.

July 17, 1957.

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## \$12,000,000 School District of Philadelphia, Pennsylvania (Coextensive with the City of Philadelphia) 4½%, 3½% and 3¼% Bonds

Dated August 1, 1957. Due as shown below. Principal and semi-annual interest (February 1 and August 1) payable in Philadelphia, Pa. Coupon Bonds in denomination of \$1,000, registerable as to principal only.

Interest Exempt from Federal Income Taxes under Existing Statutes and Decisions  
Eligible, in our opinion, as Legal Investments for Savings Banks and Trust Funds in New York and Pennsylvania

These Bonds, authorized for various school purposes, in the opinion of counsel named below, will, when executed and delivered, constitute valid and legally binding general obligations of the School District of Philadelphia, and the School District is obligated to levy ad valorem taxes upon the taxable property therein, within the limits imposed by law, sufficient to pay the principal of said Bonds and the interest thereon.

The authorizing resolution provides that the principal of and the interest on the Bonds will be payable without deduction for any tax or taxes, except succession or inheritance taxes, which the School District of Philadelphia may be required to pay thereon or retain therefrom under or pursuant to any present or future law of the Commonwealth of Pennsylvania, all of which taxes the School District of Philadelphia assumes and agrees to pay.

### MATURITIES, COUPONS AND YIELDS OR PRICE

Due \$500,000 each August 1, 1959-62, inclusive.

Due	Coupon	Yield or Price	Due	Coupon	Yield or Price	Due	Coupon	Yield or Price
1959	4½%	2.60%	1964	4½%	3.20%	1970-71	3½%	3.40%
1960	4½%	2.80	1965	3½%	3.15	1972-73	3½%	3.45
1961	4½%	3.00	1966	3¼%	3.20	1974-76	3½%	100 (price)
1962	4½%	3.10	1967-68	3¼%	100 (price)	1977-79	3½%	3.55
1963	4½%	3.15	1969	3½%	3.35	1980-82	3½%	3.60

(Accrued interest to be added)

The above Bonds are offered subject to prior sale before or after publication of this advertisement, for delivery when, as and if issued and received by us and subject to the unqualified approving joint legal opinion of Messrs. Townsend, Elliott & Munson and Messrs. Morgan, Lewis & Bockius, Philadelphia, Pennsylvania.

The First National City Bank of New York  
Eastman Dillon, Union Securities & Co.  
Stone & Webster Securities Corporation  
A. Webster Dougherty & Co.  
First of Michigan Corporation  
Geo. B. Gibbons & Company  
Mullaney, Wells & Company

Halsey, Stuart & Co. Inc.  
Goldman, Sachs & Co.  
R. W. Pressprich & Co.  
Coffin & Burr  
Fidelity Union Trust Company  
Moore, Leonard & Lynch  
Thomas & Company  
Fahey, Clark & Co.  
Glover & MacGregor, Inc.

Harris Trust and Savings Bank  
Solomon Bros. & Hutzler  
Dean Witter & Co.  
Roosevelt & Cross  
The Illinois Company  
McCormick & Co.  
Dolphin & Co.  
Brooke & Co.

July 17, 1957.

This advertisement is not an offer to sell or a solicitation of an offer to buy these securities. The offering is made only by the Prospectus.

### NEW ISSUE

\$50,000,000

## Inland Steel Company

First Mortgage 4½% Bonds, Series K

Dated July 1, 1957

Due July 1, 1987

OFFERING PRICE 100% AND ACCRUED INTEREST

Copies of the Prospectus may be obtained in any State only from such of the undersigned and others as may lawfully offer these securities in such State.

Kuhn, Loeb & Co.

The First Boston Corporation  
Eastman Dillon, Union Securities & Co.  
Harriman Ripley & Co.  
Lehman Brothers  
Stone & Webster Securities Corporation  
Drexel & Co.  
Salomon Bros. & Hutzler

A. G. Becker & Co.  
Glore, Forgan & Co.  
Kidder, Peabody & Co.  
Merrill Lynch, Pierce, Fenner & Beane  
Ladenburg, Thalmann & Co.

Blyth & Co., Inc.  
Goldman, Sachs & Co.  
Lazard Frères & Co.  
Smith, Barney & Co.  
White, Weld & Co.  
Lee Higginson Corporation  
Dean Witter & Co.

July 17, 1957

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

### NEW ISSUE

July 17, 1957

\$15,000,000

## Jersey Central Power & Light Company

First Mortgage Bonds, 5% Series due 1987

Dated July 1, 1957

Due July 1, 1987

Price 101.563% plus accrued interest

Copies of the Prospectus may be obtained in any State only from such of the several undersigned, including the undersigned, as may lawfully offer these securities in such State.

White, Weld & Co.

Equitable Securities Corporation  
Paine, Webber, Jackson & Curtis  
Wertheim & Co.  
Ira Haupt & Co.

American Securities Corporation  
Shields & Company  
Coffin & Burr  
Cunningham, Schmertz & Co., Inc.

Tucker, Anthony & R.L. Day  
The Ohio Company  
Kormendi & Co., Inc.



## The Bond Markets

### Long-Term Treasuries Fall in Slow Trading; Corporates Are Steady

By WALL STREET JOURNAL Staff Reporter  
NEW YORK—Long-term U. S. Government bonds were easier in slow bond trading.

Some dealers closed the Victory Loan 2½% of December, 1947-52 at 87 1/8-32 bid, off 8-32, and the 2½% of June, 1948-53 at 94 1/8-32 bid, off the same amount. The 40-year 3% held unchanged at 89 bid.

In the investment grade corporate market, prices were steady and volume low.

C.I.T. Financial Corp. was reported "satisfied" with selling progress on its \$100 million of 4½% debentures, offered through Salomon Bros. & Hutzler on a "best efforts" basis with a dealer concession of \$2 a \$1,000 debenture.

Rails again were dull and little changed. The municipal sector was active, with strong bidding reported on several new issues. Reception at retail was fairly good for the

new issues, but secondary business was almost at a standstill. Revenue bonds were mixed and quiet.

Some Canadian issues were firmer in a small foreign bond market.

Big Board convertibles generally followed the lower trend of the stock market, with particular weakness in Lockheed 3½%.

#### Bolivia Bond Payments Delayed

One week after the announced date for payments on Bolivian dollar bonds came and went, those close to the situation reported that the Bolivian government was diligently negotiating with a bank to act as paying agent. Now two weeks have elapsed, and the Bolivians are reported dithering with two banks. Experienced bond men have two reassuring theories: First, that the present government seems genuinely interested in resuming payments on the defaulted bonds, and second, that delays can be chalked up to the relaxed Latin pace of the Bolivians, rather than anything worse. Traders seem to take a hopeful attitude, for the current price of 18½ bid is about as high as the bonds have gone since announcement of the new settlement.

### Crowell-Collier Will Be Able to Pay Dividends By 1958, Officer Says

#### Board Will Decide Then Whether To Make Payments or Expand Into Other Lines, He States

By WALL STREET JOURNAL Staff Reporter  
NEW YORK—Crowell-Collier Publishing Co. will "have the ability to pay dividends" by the end of 1958, R. Carl Chandler, chairman, told the New York Security Analysts Society. Mr. Chandler said it "will be a board decision at that time to either pay dividends or to expand into other lines."

American magazine, Woman's Home Companion and Collier's in 1958. Now primarily a holding company, it is receiving revenues mostly from three subsidiaries: F. F. Collier & Son Corp., which turns out encyclopedias and other hard-bound cover books, radio station KFWB in Los Angeles, and C-C Clubs, Inc., a record producing unit.

The company last paid a dividend in June, 1957.

Mr. Chandler, who became chairman of Crowell-Collier several weeks ago, told the analysts the parent company plans to pay off "all liabilities by the end of 1958."

These liabilities, accrued partially as a result of magazine losses in past years and partially as a result of the suspension of magazines in 1954, totaled \$12,204,000 as of December 31, 1954, Mr. Chandler said. He added they had been reduced "by \$6,654,000 as of March 31, 1957, leaving liabilities of \$5,548,000 to be handled on a deferred plan" ending next year.

Mr. Chandler said funds to pay off the company's remaining obligations "are expected

to be obtained" from F. F. Collier & Son which currently brings in 80% of the company's consolidated gross revenues.

At the Crowell-Collier annual meeting several weeks ago, W. D. Cole, then chairman, estimated the company would earn "close to \$2 million for the first half of 1957." This compares with a loss of \$1,349,534 reported to the Securities & Exchange Commission a year ago.

Through May 21, 1957 Mr. Chandler said Crowell-Collier had paid off liabilities from cash on hand, sale of the Springfield, Ohio, printing plant, sales of surplus inventories and other sources.

Liabilities mentioned by Mr. Chandler do not include a revolving credit arranged between two banks and F. F. Collier, which totaled \$5,704,000 as of December 31, 1957, and other long-term notes issued when Crowell-Collier acquired KFWB and the C-C Clubs last year.

In addition, as of December 31, Crowell-

Collier had outstanding \$2,980,000 in 8½ convertible debentures due August 1, 1963.

Mr. Chandler said an executive planning committee had been set up to consider future expansion, and will study, among other things, the text book field.

#### Northrop Unit Gets Contracts

VAN NUYS, Calif.—Radioplane Co., a Northrop Aircraft, Inc. subsidiary, has been awarded contracts totaling \$3,700,000 by the Air Force for the XQ-4 supersonic target drone.

#### Duro-Test Corp.

DURO-TEST CORP. reports for nine months ended April 30:

	1957	1956	1955
Exported per share	\$4.91-48	\$1.37	\$1.38
Net sales	\$4,811,373	\$1,137,141	\$4,854,583
Net before income tax	\$14,794	\$86,425	\$84,027
Net income after income tax	\$21,329	\$24,545	\$21,159
Capital shares	258,480	253,000	251,738

a-After dividends on preferred stock now outstanding.

**Sealright-Oswego Falls**  
SEALRIGHT-OSWEGO FALLS CORP. reports for quarter ended June 30:

	1957	1956
Earnings per common share	\$1.89	\$1.87
Net sales	12,589,214	12,530,568
a-Net income	377,872	381,449
Common shares	850,433	850,148
Six months ended June 30:		
Earnings per common share	\$1.38	\$1.35
Net sales	24,096,159	25,326,247
a-Net income	1,098,027	1,063,802

a-After taxes and charges. b-After allowing for dividends on preferred stock then outstanding.

**Minnesota Power & Light**  
MINNESOTA POWER & LIGHT CO. reports:

	1957	1956	1955
Earnings per com shr	\$2.32	\$2.31	\$1.80
June gross	2,361,831	2,158,752	1,968,711
b-Net income	316,193	442,947	424,504
12 months gross	21,927,426	24,829,443	21,579,841
b-Net income	4,389,187	4,369,191	3,671,388
Net after div. '1/8	3,869,187	3,789,191	3,081,387
Common shares	1,718,894	1,718,894	1,718,894

a-FY 12 months ended June 30, after allowing for preferred dividends. b-After taxes and charges.

This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities. The offering is made by the Prospectus.

NEW ISSUE July 17, 1957

331,237 SHARES

### MINNEAPOLIS-HONEYWELL REGULATOR COMPANY

#### COMMON STOCK

(Par Value \$1.50 Per Share)

Transferable Subscription Warrants evidencing rights to subscribe for these shares will be issued by the Company to holders of its Common Stock, which Warrants will expire at 3:50 P.M., New York Time, on August 1, 1957, as is more fully set forth in the Prospectus. Any shares which shall not be subscribed for may be offered by the underwriters as set forth in the Prospectus.

SUBSCRIPTION PRICE TO WARRANT HOLDERS  
\$85 PER SHARE

Copies of the Prospectus may be obtained only from each of the undersigned and others as may lawfully offer these securities in this State.

EASTMAN DILLON, UNION SECURITIES & CO.

THE FIRST BOSTON CORPORATION

KUHN, LOEB & CO.

BLUTH & CO., INC. GOLDMAN, SACHS & CO. HARRIMAN RIPLEY & CO.

KIDDER, PEABODY & CO. W. C. LANGLEY & CO. LEHMAN BROTHERS

PIPER, JAFFRAY & HOPWOOD

SMITH, BARNEY & CO.

STONE & WEBSTER SECURITIES CORPORATION

WHITE, WELD & CO.

NEW ISSUE Interest Exempt from all Present Federal Income Taxes

\$881,000

### City of Lincoln Nebraska

Various Purpose General Obligation Bonds

Dated July 1, 1957 Due July 1, 1958-67, Incl.

Principal and semi-annual interest (January 1 and July 1) payable at the office of the County Treasurer, Lancaster County, Lincoln, Nebraska. Bonds in the denomination of \$1,000.

These bonds are payable primarily from the special assessments levied against the property benefited by the improvements and, in the event of a deficiency, then all the taxable property of the City is subject to the levy of ad valorem taxes sufficient to pay the deficiency.

These bonds are offered when, as and if issued and received by us, and subject to prior sale and approval of legality by Messrs. Chapman and Cutler, Attorneys, Chicago, Illinois.

#### AMOUNTS, MATURITIES, RATES AND YIELDS

Amount	Due	Rate	Yield or Price
\$98,000	1958	3.30%	2.35%
98,000	1959	3.30	2.50
101,000	1960	3.30	2.60
104,000	1961	3.30	2.70
107,000	1962	3.30	2.75
70,000	1963	2.90	@100
72,000	1964	2.90	2.85
75,000	1965	2.90	2.85
77,000	1966	2.90	@100
79,000	1967	2.90	@100

(Accrued interest to be added)  
Bonds maturing 1963-1967 are redeemable at par and accrued interest as and after July 1, 1962.

### SALOMON BROS. & HUTZLER

July 17, 1957

All of these Shares having been sold, this advertisement appears as a matter of record only.

NOT A NEW ISSUE

July 17, 1957

20,000 Shares

### Otis Elevator Company

Common Stock  
(\$6.25 Par Value)

Merrill Lynch, Pierce, Fenner & Beane

#### New Issue

\$15,465,000

### City of Atlanta, Georgia

#### 3¼% Bonds

Dated June 1, 1957

Due December 1, 1958-86, Incl.

Principal and semi-annual interest (December 1 and June 1) payable at the office of the City Treasurer in Atlanta or, at the option of the holder, at the principal trust office of The Chase Manhattan Bank in New York City. Coupon bonds in denomination of \$1,000, registrable as to principal only or as to principal and interest and convertible into coupon bonds.

Interest Exempt from present Federal Income Taxes

Legal Investment for Savings Banks and Trust Funds in New York State

These voted Bonds, to be issued for school, water, sewer and other municipal improvements, in the opinion of counsel will constitute direct general obligations of the City of Atlanta, Georgia, payable as to both principal and interest from the levy of an unlimited ad valorem tax on all taxable property within the City of Atlanta.

#### AMOUNTS, MATURITIES AND YIELDS OR PRICES

\$295,000	1958	2.40%	\$500,000	1968	3.05%	\$600,000	1977	3.30%
325,000	1959	2.55	500,000	1969	3.10	620,000	1978	3.30
360,000	1960	2.65	510,000	1970	3.10	635,000	1979	3.35
360,000	1961	2.75	540,000	1971	3.15	645,000	1980	3.35
375,000	1962	2.80	540,000	1972	3.15	665,000	1981	3.40
385,000	1963	2.85	565,000	1973	3.20	675,000	1982	3.40
405,000	1964	2.90	555,000	1974	3.20	695,000	1983	3.40
415,000	1965	2.95	570,000	1975	@ 100	710,000	1984	3.45
425,000	1966	3.00	595,000	1976	@ 100	755,000	1985	3.45
465,000	1967	3.05				780,000	1986	3.45

(Accrued interest to be added)

The above Bonds are offered when, as and if issued and received by us, and subject to prior sale and approval of legality by Messrs. Spaulding, Sibley, Troutman, Meadow & Smith, Attorneys, Atlanta, Ga.

The Chase Manhattan Bank	The First National City Bank of New York	Smith, Barney & Co.	Blyth & Co., Inc.	Harriman Ripley & Co.
The Northern Trust Company	Harris Trust and Savings Bank	Trust Company of Georgia	Phelps, Fenn & Co.	Mercantile Trust Company
Equitable Securities Corporation	Merrill Lynch, Pierce, Fenner & Beane	White, Weld & Co.	Carl M. Loeb, Rhoades & Co.	
The Robinson-Humphrey Company, Inc.	First National Bank Atlanta	First of Michigan Corporation	The First National Bank of Memphis	Courts & Co.
Dick & Merle-Smith	Laurence M. Marks & Co.	Braun, Bosworth & Co.	Clark, Dodge & Co.	The Citizens and Southern National Bank Atlanta
Roosevelt & Cross	Shearson, Hammill & Co.	William Blair & Company	Brown Brothers Harriman & Co.	C. F. Childs and Company Incorporated
City National Bank & Trust Co. Kansas City	Eldredge & Co. Incorporated	King, Quirk & Co. Incorporated	Robert Winthrop & Co.	First Southeastern Corporation Atlanta
Hannaha, Ballin & Lee	The National City Bank of Cleveland	Newman, Brown & Co. Inc.	Third National Bank in Nashville	J. W. Tindall & Company
	Varndoe, Chisholm & Co. Incorporated		Wyatt, Neal & Waggoner	

New York, July 17, 1957.

### R.W. PRESSPRICH & CO.

Members New York Stock Exchange  
NEW YORK BOSTON PHILADELPHIA

GOVERNMENT  
STATE - MUNICIPAL  
HOUSING AUTHORITY  
PUBLIC REVENUE BONDS  
RAILROAD - PUBLIC UTILITY  
INDUSTRIAL BONDS  
EQUIPMENT TRUST CERTIFICATES  
INVESTMENT STOCKS

Knowledge - Experience - Facilities  
for Investors



#### DIVIDEND NOTICE

##### Common Stock Dividend No. 60

A regular quarterly dividend has been declared on the Common Stock of this Company payable September 1, 1957, to holders of record August 15, 1957.

Common ..... 35¢ per share

##### Preferred Stock

The following regular quarterly dividends have been declared on the Preferred Stocks of this Company payable November 1, 1957, to holders of record October 15, 1957:

SERIES	PER SHARE
3.70% Preferred	\$100 Par. \$ 3.72 1/2
3.50% Preferred	\$100 Par. \$ 3.57 1/2
4.12% Preferred	\$100 Par. \$1.40 1/4
4.25% Preferred	\$100 Par. \$1.08 1/4
4.60% Preferred	\$100 Par. \$1.18
4.80% Preferred	\$100 Par. \$1.15
4.38% Preferred	\$ 25 Par. \$ .37 1/2
4.60% Preferred	\$ 25 Par. \$ .37 1/2

Don D. Loden  
Vice President and Secretary  
July 18, 1957.

SOUTHWESTERN  
PUBLIC SERVICE  
COMPANY

#### New Issue

\$12,000,000

### State of Minnesota

#### 2.90% Trunk Highway Bonds

Dated August 1, 1957. Due August 1, as shown below. Principal and semi-annual interest (February 1 and August 1) payable at the Office of the State Treasurer in the State Capitol in St. Paul, Minnesota, or in New York, N. Y. Coupon Bonds in denomination of \$1,000, registrable as to principal only.

Interest Exempt from Federal Income Taxes under Existing Statutes and Decisions  
Eligible, in our opinion, as Legal Investments for Savings Banks and Trust Funds  
in New York State and for Savings Banks in Massachusetts and Connecticut

#### AMOUNTS, MATURITIES AND YIELDS OR PRICE

Amount	Due	Yield or Price	Amount	Due	Yield or Price
\$700,000	1960	2.40%	\$ 800,000	1965	2.75%
700,000	1961	2.50	900,000	1966	2.75
700,000	1962	2.60	1,800,000	1967-68	2.80
700,000	1963	2.65	2,000,000	1969-70	2.85
700,000	1964	2.70	3,000,000	1971-73	100 (price)

(Accrued interest to be added)

The above Bonds are offered, subject to prior sale before or after appearance of this advertisement, for delivery when, as and if issued and received by us and subject to the approval of legality by Messrs. Wood, King & Dawson, Attorneys, New York City.

The First National City Bank of New York	The Northern Trust Company	Continental Illinois National Bank and Trust Company of Chicago	Kuhn, Loeb & Co.
Eastman Dillon, Union Securities & Co.	Northwestern National Bank of Minneapolis	The First National Bank of Portland Oregon	
Wallace, Geruldsen & Co.	Brown Brothers Harriman & Co.	Robert W. Baird & Co., Incorporated	National Bank of Commerce of Seattle
Winslow, Cohn & Stetson	Harold E. Wood & Company	Byrd Brothers	Zahner and Company

July 17, 1957.



## Commodities

Price Trends of Tomorrow's  
Meals and ManufacturesWorld Sugar Futures Fall on Selling by Brazil;  
Hides Drop on Tanners' Resistance to Prices

Commodity prices were irregular yesterday.

World sugar futures declined 5 to 20 points. Sentiment was again disturbed by reports of increased offerings of raw sugar to European buyers by Brazil at the equivalent of about \$5.40 per hundred pounds or slightly more than 20 cents per hundredweight beneath offerings from Cuba. Moreover, dealers said, recent declines in prices for raw sugar in the market have caused many potential buyers to adopt a wait-and-see attitude. Reports of better sugar beet crops throughout most of Europe also caused selling.

Domestic sugar contracts were quiet.

Prices for most grains, after early firmness, gave way to profit-taking and closed mixed. Crop and weather news from the United States was mostly favorable but slightly adverse comments were received from Canada and the United States northwestern spring wheat belt.

Wheat at Chicago closed 1/4 cent a bushel lower to 1/2 cent higher. Corn futures finished unchanged to 1/4 cent lower and soybeans finished 1/4 cent a bushel lower to 1/4 cent higher.

Hides at New York closed 15 to 40 points lower. Reports that tanners were reluctant to pay last sales prices for spot hides caused the selling.

The rubber futures market was quiet with similar conditions reported in metal futures.

Cotton futures moved over a narrow price range in quiet dealings. Final prices were 60 cents to \$1.15 a bale higher. Most traders were waiting for possible legislation on the 1958 cotton crop. The Government weekly crop and weather report issued yesterday noted favorable crop progress, but the market paid little attention to this news.

## Lower

Ons—Off 1/4 to 1/2 cent a bushel at Chicago. Minneapolis was off 1/4 to 2/5 cents, with Winnipeg off 1/4 to 1/2 cent.

Corn—Unchanged to off 1/4 cent a bushel at Chicago.

Cottonseed Oil—Off 2 to 7 points at New York.

Barley—Unchanged to off 1/4 cent a bushel at Winnipeg.

Sugar—World contract, off 5 to 27 points. Domestic, off 1 point.

Cocoa—Off 13 to 17 points at New York.

Eggs—Off 10 to 30 points at Chicago.

Onions—Off 1 to 5 cents per 50 pounds at Chicago.

Lard—Off 5 to 20 points at Chicago.

Flaxseed—Off 6 1/2 to 10 1/2 cents a bushel at Winnipeg. Minneapolis was unchanged to up 1/2 cent.

Hides—Off 15 to 40 points at New York.

Copper—Off 5 to 15 points at New York.

Wheat—Off 1/4 to 1/2 cent a bushel at Chicago.

## Futures Prices

Tuesday, July 16, 1957

CHICAGO—WHEAT

Old Contract

New Contract

CHICAGO—CORN

Old Contract

New Contract

CHICAGO—OATS

Old Contract

New Contract

CHICAGO—RYE

Old Contract

New Contract

CHICAGO—SOYBEANS

Old Contract

New Contract

CHICAGO—LARD

Old Contract

New Contract

KANSAS CITY—WHEAT

Old Contract

New Contract

MINNEAPOLIS—WHEAT

Old Contract

New Contract

MINNEAPOLIS—OATS

Old Contract

New Contract

MINNEAPOLIS—RYE

Old Contract

New Contract

MINNEAPOLIS—FLAXSEED

Old Contract

New Contract

WINNIPEG—OATS

Old Contract

New Contract

WINNIPEG—FLAXSEED

Old Contract

New Contract

NEW YORK—COFFEE

Old Contract

New Contract

NEW YORK—COTTONSEED OIL

Old Contract

New Contract

NEW YORK—MEAL

Old Contract

New Contract

## Commodity Indexes

Dow-Jones Futures—161.16, off 0.15; last year 156.50.

Dow-Jones Spot—164.60, off 0.15; last year 163.14.

Chicago, Minneapolis was up 1/4 to 1 1/2 cents, with Kansas City unchanged to up 1 1/2 cents.

Rye—Off 1/4 to 1/2 cent a bushel at Chicago. Minneapolis was unchanged, with Winnipeg up 1/4 to 1 1/2 cents.

Soybeans—Off 1/4 to 1/2 cent a bushel at Chicago.

Soybean Oil—Off 2 to 6 points at Chicago.

New York was off 3 points.

Coffee—Off 30 to 50 points at New York.

Rubber—Off 10 to 15 points at New York.

London was unchanged to off 14 points, with Singapore off 13 1/2 to 16 points.

Higher

Cotton—Up 12 to 23 points at New York.

New Orleans was up 10 to 16 points.

Wool—Unchanged to up 9 points at New York.

Zinc—Up 4 to 5 points at New York.

Potatoes—Up 1 to 2 cents per 100 pounds at New York.

Higher

GRAIN MARKETS WERE MIXED

with trading considerably lighter than that of the previous sessions. During early trading markets were firm. Wheat recorded the biggest advances. Buying of wheat and rye was stimulated by damage reports from the Northwest.

It was indicated that the spring wheat crop in the Northwest needed rain and cooler weather.

Other crop and weather news was favorable. Yields of oats in the Midwest were surpassing previous expectations and the harvest of winter wheat moved as far north as Nebraska. A report that Secretary of Agriculture Benson had urged Congress to drop production controls and let price supports drop to 40% of parity or lower for corn brought some selling into the yellow cereal. This program, however, would not apply until the 1959 crop and as a result did not attract much selling. Flour business was quiet with similar conditions reported in the export market. Business abroad involved one cargo of mola and a small amount of corn to Israel. Unfavorable crop news was reported from Canada but because of the large reserve wheat stocks remaining in that country traders also did not pay much attention to this.

COTTON TURNED HIGHER

as the market reaction on Monday generated sufficient professional short-covering and new buying levels to give prices a boost. Final levels

were 60 cents to \$1.15 a bale above the previous close with new highs for the day made as trading ended. Sentiment on prospects for new cotton legislation this year aimed at lowering price supports on the 1958 crop continued mixed. However, some traders maintained their conviction that such chances are not good and their buying of futures helped to sustain the market. Expectations that the final loan on the 1957 cotton crop will be boosted above the interim crop support level was a strengthening factor in the 1957 crop futures positions. Nearby months dipped only momentarily on a very favorable government weekly weather report on cotton. The report said hot sunny weather with little or no rain, except in Florida and some adjacent areas, stimulated the development of cotton, permitted uninterrupted cultivation, and favored the checking of insects in the main cotton belt. The report, however, added that the crop would be helped by showers in many areas, particularly late-planted cotton. Fields were reported now generally well cultivated.

## Rubber Markets Steady

LONDON—Rubber futures closed steady and September was 27 1/2 pence, off 1/4 from Monday's close (American equivalent, basis \$2.80 for sterling 32.21 cents). October-December 27 1/2, off 1/4 (32.36), January-March 27 1/2, off 1/4 (32.21), and April-June 27 1/2, unchanged (32.06).

Singapore futures closed quiet and slightly easier and August, in Straits cents per pound, was 93 1/2, off 1/4 (31.17), and September 94 1/2, off 1/4 (31.42).

## Cash Prices

Tuesday, July 16, 1957

FOODS

Flour, hard winter NY cwt

Coffee, Santos NY lb

Cocoa, Accra NY lb

Sugar, refined NY lb

Sugar, raw NY lb

Eggs, fresh 1 extra Chicago doz

Butter, 1 lb under DelMV lb

Flaxseed, Minneapolis ton

Lard, St. Louis 40 lb NY cwt

Cottonseed Meal, Memphis ton

Soybean Meal, Des Moines ton

Wool, Texas NY lb

Zinc, 100 lb NY lb

Copper, 100 lb NY lb

Silver, 100 lb NY lb

Gold, 100 lb NY lb

Platinum, 100 lb NY lb

Nickel, 100 lb NY lb

Tin, 100 lb NY lb

Lead, 100 lb NY lb

Iron, 100 lb NY lb

Steel, 100 lb NY lb

Aluminum, 100 lb NY lb

Copper, 100 lb NY lb

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Gold, 100 lb NY lb

Into the Red: Social  
Security Fund Heads  
For Its First Deficit

(Continued From First Page)

their employers. According to this schedule, Mr. Myers says the risk of deficits should be scant except in the years immediately preceding each automatic tax rise.

Apart from these pre-tax-boom years, contributions into the Social Security fund are expected to exceed benefit payments until somewhere in the mid-1980's—depending on future employment levels. By then, when the fund is expected to be three times its present \$24 billion size, it's hoped investment income will be substantial enough to make up for the lag in contributions and carry the program into infinity.

In the year 2000, for example, officials anticipate \$21.4 billion of contributions and \$2.5 billion of investment income will more than cover benefits totaling \$22.2 billion. Result that year: The fund's balance is expected to rise to \$97.8 billion.

Just how accurate these long-range projections will prove to be remains to be seen. The calculations have been something less than perfect in their short-run estimates. But, Mr. Myers argues, "A current underestimation in the estimates does not necessarily mean that long-range estimates are similarly low."

## New Figures

As for more immediate difficulties, consider what is happening this year. After Congress liberalized the Social Security laws last year, actuaries took out their pencils and jotted down new figures for 1957. They estimated contributions at \$7.3 billion and benefits at \$8.8 billion for a surplus of \$1.5 billion. Now, they figure contributions will total only \$7 billion while benefits will climb to \$7.3 billion for a deficit of \$300 million. Investment income will amount to about \$600 million, so the fund's balance actually will rise a bit.

Next year, he says, originally, the fund expected to take in \$7.3 billion and pay out the same amount. New estimates set \$7.7 billion of benefits more than topping up \$7.1 billion of contributions. But \$600 million of investment income will keep the books near balance.

And, for 1959 the actuaries were even further off. The original estimate figured on nearly \$7.5 billion of contributions against \$7.7 billion of benefits. This is now revised to \$7.2 billion of contributions and \$8.2 billion of benefit payments, leaving a gap of \$1 billion. Even income from investments won't be enough to wipe out much more than half this projected gap.

## A Tendency to Expand

Of course, these projections are based on the law as it now stands. The tendency in Congress has been to expand coverage at almost every opportunity. Last year, the lawmakers extended Social Security benefits to military personnel, more farm families, and self-employed lawyers, dentists, osteopaths and other professional groups.

Right now, about 73 million workers come under the program with benefits going out to about 10 million persons. This compares with about 25 million insured workers and 200,000 beneficiaries back in 1941.

Fund managers claim nine out of every 10 gainfully employed persons are covered or eligible for coverage under today's program. Among major groups still excluded are practically all Federal civilian employees (who have their own retirement systems); self-employed medical doctors; workers whose earnings are less than amounts required for coverage; and, in general, policemen and firemen covered by state or local government retirement systems.

Behind the Government's optimism for the long range future of the Social Security fund stands the fact that the nation's birth rate has held up better than the statisticians fig-

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ured. Beginning in 1963, there have been more

than 4 million births each year. Officials

frankly admit they hadn't figured on so many

births.

"This trend, if it keeps up, will lower future

Social Security net costs because it broadens

the base of contributions," claims one official.

What if the birth rate drops off? "At

worst," this official concedes, "it would mean

higher costs for the fund and could lead to the

need for higher Social Security taxes."

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The "National" list is composed of securities which have a wide national distribution; the "Eastern" list comprises securities which have a wide distribution primarily in the Eastern region.

Tuesday, July 16, 1957

## Industrial and Utility Stocks

Bid Asked Prev.

Air Products 27 27 27

AMP Inc. 27 27 27

Ampco Corp. 27 27 27

Amalgamated 27 27 27

American Cyanamid 27 27 27

American Electric 27 27 27

American International 27 27 27

American Paper 27 27 27

American Petroleum 27 27 27

American Shipbuilding 27 27 27

American Steel 27 27 27

American Talc 27 27 27

American Textile 27 27 27

American Vanadium 27 27 27

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## Bank Stocks

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Bank of New York 27 27 27

Bank of Montreal 27 27 27

Bank of Toronto 27 27 27

Bank of the South 27 27 27

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## Low-Priced Cars Are Gaining in Sales at Expense Of Medium-Priced Lines as Buyers Seek Economy

Ford, Chevrolet, Plymouth Volume Rise; Rambler and Scotsman Are in Demand

By GEORGE MELLOAN

Staff Reporter of THE WALL STREET JOURNAL

DETROIT—A central fact appears to stand out in any examination of the 1957 auto market and this is that more buyers than ever before in the post-war period are choosing their transportation from what traditionally has been called the "low-priced field."

Ford, Chevrolet and Plymouth accounted for 60% of retail auto deliveries in the first six months of this year. That's a jump from the 57% of a year before. It also is a further sign of a trend that has been generally upward since 1947, when the three-car share was less than 50%. Not since the 1930's when these three makers took as high as 72% of the market in 1934, has their share been higher.

Outside the "Big Three" auto companies, the trend to the low-priced car has been even more evident. The Rambler, American Motors Corp.'s entry in the field, has started Detroit by rising in popularity in the second year after its last major model change. Sales during the nine months ended June 30 (American Motors' fiscal year began October 1) were 67,631, up 35.4% from the 49,944 cars delivered to customers in the like period last year.

### Studebaker-Packard's Effort

Studebaker-Packard Corp. sought to cash in on the economy trend a little over one month ago when it brought out its "Scotsman," a low-chrome Studebaker with engine and gear ratio refinements designed to up fuel economy to "as much as 29 miles a gallon." According to unofficial sources, Studebaker-Packard first planned to build 6,000 Scotsman cars during the remainder of the 1957 model run. Demand from dealers was so strong that the goal was quickly doubled to 12,000.

Currently, according to a factory spokesman, all the Scotsman cars remaining to be built in the 1957 run, expected to end in August, are covered by orders from dealers. He credits this car with having boosted Studebaker-Packard's retail deliveries in June to the highest point of the current model year.

A Detroit Studebaker-Packard dealer complains about not being able to get the Scotsman in sufficient quantities but says he is encouraged by the better-than-anticipated acceptance. The car delivers for \$1,839 in Detroit, equipped with heater, directional signals, defroster, and license plates and including the 3% state tax.

"A year ago people were asking how much horsepower the car had; today, they ask how many miles to the gallon it gets," says this dealer in explaining the Scotsman's acceptance.

And, of course, small foreign cars, such as

the Volkswagen, Renault and American Motors' Metropolitan, retailing in the \$1,500 plus range, have been the standouts of the 1957 year, approximately doubling sales in this country from a year ago. The rise of these cars was important enough to cause General Motors Corp. to announce that it would begin importing its Europe-built Vauxhall and Opel cars in September.

The upshot of all this, although some auto men are reluctant to agree, seems to be that car buyers have become increasingly economy minded. A Detroit Chevrolet dealer, who doubles as a personal budget consultant, estimates that some people spend 25% to 30% of their total income on transportation. According to a recent Federal Reserve Board study, 40% of 1955 auto buyers paid out a fourth of their income for monthly car payments alone. This indicates that some motorists are pushing their budgets to the extreme in buying cars. This year's average \$100 increase in car prices, plus the effectiveness of tight money in raising monthly payments, may have had the direct effect of forcing some such buyers out of the medium price class into a lower market, according to one observer.

And the fact of the matter is that some buyers who were able to scratch up enough money to buy a low-end "medium priced" make a year ago might find themselves unable to buy certain high-end models in the "low priced field" today with the same money. For example, this year's Chevrolet Bel Air \$2,390, tops last year's Pontiac Chieftan, \$2,294; this year's Plymouth Belvedere is higher than last year's Dodge Coronet, \$2,371; and the 1957 Ford Fairlane 500, at \$2,433, is well above last year's Mercury Medalist at \$2,309 and even tops the Buick Special at \$2,412. (All prices are for four-door V-8's, excluding freight and local and state taxes.)

Although cars in the "low priced field" are still below comparable body styles in the medium class, the difference in some cases is less than \$100 and station wagons, convertibles and sports cars in that field rise well into the medium range.

A further factor is operating economy. Gasoline prices have been on the rise and with further boosts in fuel taxes to finance the huge Federal road program, the era of 40-cent-a-gallon gasoline seems not far away in some states. At that level, an extra 10 to 15 miles per gallon can mean an important savings.

### Six-Cylinder Revived

The interest in economy seems to have given the six-cylinder engine a new lease on life. The V-8 has rapidly taken over some 70% of the market and as recently as a year ago, some auto men were forecasting the demise of the six. But today, one auto concern predicts that sales of the six will hold around the present level of one million a year.

Ford Motor Co.'s Ford division has even increased production of the six in the current model year to 15% of total production from from 12% a year earlier in the like period. It also has been training salesmen to put more stress on the six than in the past. "There seems to be a market for the six, and we want to increase our share of it," is the explanation of a Ford spokesman.

Tying in with the economy trend is the report from one supplier of castings that auto engineers are becoming increasingly interested in a small air-cooled engine of the type that has been used to power the highly successful Volkswagen. Air cooling offers problems of size and noise at higher horsepower but has the advantage of eliminating the auto radiator and the winter need for anti-freeze. The Volkswagen engine has four-cylinders and only 35 horsepower but is capable of around 30 miles to the gallon and can propel the little car at upwards of 70 miles an hour. Presumably, any air cooled engine in an American car would be in a small vehicle of the European type.

### Medium-Priced Line Suffers

The growth of the low-priced field, it seems clear, has been at the expense of cars in the medium-priced bracket. Luxury class cars have increased their share. The medium-priced class, populated by nine of the 19 auto makes (the number will rise to 10 when Edsel is substituted for Continental in the 1958 model year) currently is capturing only 31% of the market, compared with 35% a year ago. The biggest seller in this class, Buick, has accounted for over 2% of the drop, falling to a market share of a little over 7% from over 9% last year.

This weakness, of course, has important implications in the year that Ford Motor Co.'s new medium-priced entry, the Edsel, is due to make its bow. Production of the Edsel began this week in limited quantities. The division's minimum goal, as expressed earlier this year by Richard E. Kratve, general manager and a Ford vice president, is to sell 200,000 cars. The target is considered ambitious by some observers who note that registrations of all medium-priced cars fell by nearly 100,000 in the first five months of this year to around 800,000.

However, a factor considered to be in the Edsel's favor is that part of its line will be

priced below the Mercury, and may offer better price competition with the low-priced makes. Edsel is expected to have two body styles in this category. Two more will be priced above the Mercury.

This gains more importance when it is noted that Ford, Chevrolet and Plymouth report no diminution of the portion of their own sales held by the upper-priced cars in their lines, which are the Fairlane, Bel Air and Belvedere. This indicates that these cars, which have generally been used to expand the realm of the low-priced three in recent years, may be capturing some customers from the medium-priced field. The price spread between such cars and those in the medium-priced bracket occasionally makes it possible for the budget conscious buyer to select some of the numerous options available on cars today.

### Ford Wants "Classless" Car

A Ford division goal for some years has been to achieve the status of the "classless car" and there are some indications that the prestige distinction between the low and medium-priced field has been narrowed. "If you're buying prestige today you might as well buy a Cadillac," says one auto company official.

An indication of industry awareness of this narrowing distinction was contained in a newspaper ad last week in which Pontiac asked readers if they were "convinced the small-car field is your limit" and declared further that Pontiac offers "8.9% more" solid car per dollar than the "so-called low price cars."

As to the effect of the ascendancy of the low-priced field on auto companies, one observer first of all says that "we're not sure yet that it is a trend." Even if there is, he continues, there may well be just as much factory profit in the upper-priced models of the low-priced cars. The most serious danger to the companies, then, appears to be in a given line falling below its break-even point, he observes.

## North American Aviation Lays Off 6,305 in Wake Of Navaho Cancellation

By a WALL STREET JOURNAL Staff Reporter

LOS ANGELES—North American Aviation, Inc., has laid off 6,305 production and technical clerical workers and engineers in the first step of a payroll reduction of 15,800, the company announced.

The employment cuts are the result of cancellation last week of the Navaho guided missile contract. The rest of the 15,800 reduction will take place "as early as possible," a spokesman said.

In addition, North American has terminated some of the \$25 million of orders from 2,680 Navaho suppliers. About 900 of the suppliers are in the Los Angeles area, and the rest are located throughout California and other parts of the country.

The company says the payroll reductions in North American and layoffs that will occur among its suppliers will amount to about \$88 million a year. Work force reductions at North American include 3,705 in the missile development plant at Downey, Calif., 1,000 in the Autonetics division, 1,450 in the Los Angeles plant and 150 in the Rocketdyne division.

CANOGA PARK, Calif.—North American Aviation, Inc., announced it will build a nuclear research reactor for Centro di Studi Nucleari Enrico Fermi of the Politecnico in Milan, Italy.

The reactor, a 50 kilowatt, enriched uranium, "solution" type, will be built by North American's Atomics International division and is scheduled for completion sometime next year. The company said it will be the fifth such reactor built or being built by Atomics International for foreign nuclear research centers.

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